

**CHIMEI CORPORATION AND SUBSIDIARIES****Consolidated Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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## Representation Letter

The entities that are required to be included in the combined financial statements of CHIMEI Corporation as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHIMEI Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: CHIMEI Corporation

Chairman: Hsu Chun-hua

Date: March 29, 2022



安侯建業聯合會計師事務所  
KPMG

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## Independent Auditors' Report

To the Board of Directors of CHIMEI Corporation:

### Opinion

We have audited the consolidated financial statements of CHIMEI Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matters

CHIMEI Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance including supervisors are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partners on the audit resulting in this independent auditors' report are Rou-Lan Kuo and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)

March 29, 2022

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**CHIMEI CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets****December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

		<u>December 31, 2021</u>		<u>December 31, 2020</u>				<u>December 31, 2021</u>		<u>December 31, 2020</u>	
<b>ASSETS</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>LIABILITIES AND EQUITY</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note 4 and 6(a))	\$ 37,429,383	24	27,219,730	22	2100	Short-term borrowings (Note 6(k))	\$ 450,000	-	1,105,238	1
1110	Current financial assets at fair value through profit or loss (Note 4 and 6(b))	19,321,203	13	11,928,493	10	2120	Current financial liabilities at fair value through profit or loss (Notes 4 and 6(b))	-	-	79,453	-
1120	Current financial assets at fair value through other comprehensive income (Notes 4 and 6(b))	-	-	3,820,107	3	2170	Notes and accounts payable (Note 7)	7,021,731	5	7,135,824	6
1170	Notes and accounts receivable (Notes 4, 6(c) and 7)	12,238,312	8	11,298,233	9	2200	Other payables (Note 7)	8,933,898	6	7,361,009	6
1200	Other receivables, net (Notes 4, 6(c) and 7)	139,672	-	111,476	-	2230	Current tax liabilities (Note 4 and 6(p))	4,783,296	3	3,327,423	3
130X	Inventories (Notes 4 and 6(e))	22,211,672	14	14,858,575	12	2280	Current lease liabilities (Note 4 and 6(n))	130,505	-	93,275	-
1476	Other current financial assets (Notes 4, 6(m) and 8)	1,509,587	1	2,758,467	2	2399	Other current liabilities, others (Notes 4, 6(t) and 7)	<u>3,089,504</u>	<u>2</u>	<u>1,762,495</u>	<u>1</u>
1479	Other current assets, others (Notes 6(d), (j) and 7)	<u>3,850,754</u>	<u>3</u>	<u>2,704,532</u>	<u>2</u>			<u>24,408,934</u>	<u>16</u>	<u>20,864,717</u>	<u>17</u>
		<u>96,700,583</u>	<u>63</u>	<u>74,699,613</u>	<u>60</u>	<b>Non-Current liabilities:</b>					
<b>Non-current assets:</b>						2530	Bonds payable (Notes 4 and 6(m))	5,000,000	3	5,000,000	4
1517	Non-current financial assets at fair value through other comprehensive income (Notes 4 and 6(b))	2,339,591	2	1,854,487	2	2540	Long-term borrowings (Note 6(l))	10,032,547	7	5,177,383	4
1550	Investments accounted for using equity method (Notes 4 and 6(f))	504,554	-	616,049	-	2570	Deferred tax liabilities (Notes 4 and 6(p))	5,884,260	4	4,159,723	3
1600	Property, plant and equipment (Notes 4 and 6(g))	51,395,631	34	43,106,296	34	2580	Non-current lease liabilities (Notes 4 and 6(n))	133,052	-	160,265	-
1755	Right-of-use assets (Notes 4 and 6(h))	1,565,678	1	1,204,951	1	2640	Net defined benefit liability, non-current (Notes 4 and 6(o))	749,568	-	788,916	1
1780	Intangible assets (Notes 4 and 6(i))	317,765	-	307,120	-	2670	Other non-current liabilities, others (Note 7)	<u>141,474</u>	<u>-</u>	<u>122,147</u>	<u>-</u>
1840	Deferred tax assets (Notes 4 and 6(p))	753,835	-	528,133	1			<u>21,940,901</u>	<u>14</u>	<u>15,408,434</u>	<u>12</u>
1990	Other non-current assets, others (Notes 6(j) and 8)	<u>284,259</u>	<u>-</u>	<u>2,809,085</u>	<u>2</u>	<b>Total liabilities</b>		<u>46,349,835</u>	<u>30</u>	<u>36,273,151</u>	<u>29</u>
		<u>57,161,313</u>	<u>37</u>	<u>50,426,121</u>	<u>40</u>	<b>Equity attributable to owners of parent:</b>					
						3100	Ordinary shares (Note 6(q))	18,197,753	12	17,897,753	14
						3200	Capital surplus (Note 6(q))	1,726,136	1	635,861	1
						3300	Retained earnings (Note 6(q))	76,168,746	50	62,813,050	50
						3400	Other equity (Note 6(q))	(1,028,689)	(1)	(2,682,297)	(2)
						3500	Treasury shares (Note 6(q))	<u>(150,772)</u>	<u>-</u>	<u>(47,273)</u>	<u>-</u>
							Total equity attributable to owners of parent:	94,913,174	62	78,617,094	63
						36XX	Non-controlling interests (Note 6(q))	12,598,887	8	10,235,489	8
							<b>Total equity</b>	<u>107,512,061</u>	<u>70</u>	<u>88,852,583</u>	<u>71</u>
<b>TOTAL ASSETS</b>		<u>\$ 153,861,896</u>	<u>100</u>	<u>125,125,734</u>	<u>100</u>	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 153,861,896</u>	<u>100</u>	<u>125,125,734</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		For the years ended December 31			
		2021		2020	
		Amount	%	Amount	%
4000	<b>Operating revenue (Notes 6(t) and 7)</b>	\$ 178,671,691	100	117,226,402	100
5000	<b>Operating costs (Note 6(e))</b>	132,176,741	74	87,416,339	75
	<b>Gross profit from operations</b>	<u>46,494,950</u>	<u>26</u>	<u>29,810,063</u>	<u>25</u>
	<b>Operating expenses:(Notes 4, 6(b), (u) and 7)</b>				
6100	Selling expenses	7,229,988	4	4,244,542	3
6200	Administrative expenses	2,041,339	1	1,915,754	2
6300	Research and development expenses	1,112,632	1	982,781	1
6450	Expected credit loss (gain)	20,322	-	(381)	-
		<u>10,404,281</u>	<u>6</u>	<u>7,142,696</u>	<u>6</u>
	<b>Net operating income</b>	<u>36,090,669</u>	<u>20</u>	<u>22,667,367</u>	<u>19</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6(v))	621,307	-	416,692	1
7010	Other income (Notes 6(v) and 7)	346,057	-	182,939	-
7020	Other gains and losses (Notes 6(v) and 7)	(570,608)	-	(33,639)	-
7050	Finance costs (Notes 6(g), 6(n), 6(v) and 7)	(179,095)	-	(128,112)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Notes 6(f))	73,891	-	68,335	-
		<u>291,552</u>	<u>-</u>	<u>506,215</u>	<u>1</u>
7900	<b>Profit before tax</b>	<u>36,382,221</u>	<u>20</u>	<u>23,173,582</u>	<u>20</u>
7950	<b>Less: Income tax expenses (Notes 4 and 6(p))</b>	<u>10,683,132</u>	<u>6</u>	<u>6,590,152</u>	<u>6</u>
	<b>Profit</b>	<u>25,699,089</u>	<u>14</u>	<u>16,583,430</u>	<u>14</u>
8200	<b>Other comprehensive income (loss):</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(28,881)	-	(67,416)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,117,933	1	2,211,153	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(6,639)	-	(12,372)	-
		<u>2,095,691</u>	<u>1</u>	<u>2,156,109</u>	<u>2</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(233,648)	-	508,768	-
8368	Gains (losses) on hedging instrument	-	-	6,649	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6,430	-	17,523	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		<u>(227,218)</u>	<u>-</u>	<u>532,940</u>	<u>-</u>
	<b>Other comprehensive income, net of income tax</b>	<u>1,868,473</u>	<u>1</u>	<u>2,689,049</u>	<u>2</u>
8500	<b>Total comprehensive income</b>	<u>\$ 27,567,562</u>	<u>15</u>	<u>19,272,479</u>	<u>16</u>
	<b>Profit attributable to:</b>				
8610	Profit attributable to owners of parent	\$ 21,576,838	12	13,460,070	11
8620	Profit attributable to non-controlling interests	4,122,251	2	3,123,360	3
		<u>\$ 25,699,089</u>	<u>14</u>	<u>16,583,430</u>	<u>14</u>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income, attributable to owners of parent	\$ 23,505,217	13	16,012,405	13
8720	Comprehensive income, attributable to non-controlling interests	4,062,345	2	3,260,074	3
		<u>\$ 27,567,562</u>	<u>15</u>	<u>19,272,479</u>	<u>16</u>
	<b>Earnings per share (Note 6(s))</b>				
	Basic earnings per share (NT dollars)	<u>\$ 12.08</u>		<u>7.54</u>	
	Diluted earnings per share (NT dollars)	<u>\$ 12.04</u>		<u>7.52</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CHIMEI CORPORATION AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent												Non-controlling interests	Total equity
	Share capital					Other equity								
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unearned compensation	Treasury shares	Total equity attributable to owners of parent			
<b>Balance on January 1, 2020</b>	\$ 17,898,001	614,244	13,405,589	7,587,177	31,630,502	(1,311,979)	(3,970,407)	(6,649)	(3,614)	(69,734)	65,773,130	7,699,832	73,472,962	
Profit for the period	-	-	-	-	13,460,070	-	-	-	-	-	13,460,070	3,123,360	16,583,430	
Other comprehensive income (loss) for the period	-	-	-	-	(54,403)	387,970	2,212,119	6,649	-	-	2,552,335	136,714	2,689,049	
Total comprehensive income for the period	-	-	-	-	13,405,667	387,970	2,212,119	6,649	-	-	16,012,405	3,260,074	19,272,479	
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	96,023	-	(96,023)	-	-	-	-	-	-	-	-	
Cash dividends on ordinary shares	-	-	-	-	(3,215,885)	-	-	-	-	-	(3,215,885)	-	(3,215,885)	
Reversal of special reserve	-	-	-	(2,298,142)	2,298,142	-	-	-	-	-	-	-	-	
Other changes in capital surplus:														
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	16	-	-	-	-	-	-	-	-	16	-	16	
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(63,952)	(63,952)	-	(63,952)	
Share-based payments	(248)	21,601	-	-	-	-	-	-	3,614	86,413	111,380	-	111,380	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(724,417)	(724,417)	
<b>Balance on December 31, 2020</b>	17,897,753	635,861	13,501,612	5,289,035	44,022,403	(924,009)	(1,758,288)	-	-	(47,273)	78,617,094	10,235,489	88,852,583	
Profit for the period	-	-	-	-	21,576,838	-	-	-	-	-	21,576,838	4,122,251	25,699,089	
Other comprehensive income (loss) for the period	-	-	-	-	(22,800)	(167,730)	2,118,909	-	-	-	1,928,379	(59,906)	1,868,473	
Total comprehensive income (loss) for the period	-	-	-	-	21,554,038	(167,730)	2,118,909	-	-	-	23,505,217	4,062,345	27,567,562	
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	1,340,567	-	(1,340,567)	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(2,606,738)	2,606,738	-	-	-	-	-	-	-	-	
Cash dividends on ordinary shares	-	-	-	-	(7,152,382)	-	-	-	-	-	(7,152,382)	-	(7,152,382)	
Other changes in capital surplus:														
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(72)	-	-	-	-	-	-	-	-	(72)	-	(72)	
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(202,802)	(202,802)	-	(202,802)	
Share-based payments	300,000	1,090,347	-	-	-	-	-	-	(1,343,531)	99,303	146,119	-	146,119	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,045,960)	-	1,045,960	-	-	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,698,947)	(1,698,947)	
<b>Balance on December 31, 2021</b>	\$ 18,197,753	1,726,136	14,842,179	2,682,297	58,644,270	(1,091,739)	1,406,581	-	(1,343,531)	(150,772)	94,913,174	12,598,887	107,512,061	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## CHIMEI CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 36,382,221	23,173,582
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	3,356,481	3,062,627
Amortization expense	263,316	236,328
Expected credit loss (gain)	20,322	(381)
Interest expense	179,095	128,112
Interest income	(621,307)	(416,692)
Dividend income	(286,500)	(104,378)
Share-based payment transactions	47,113	25,227
Share of profit of associates and joint ventures accounted for using equity method	(73,891)	(68,335)
Gain on disposal of property, plant and equipment	(422,545)	(337,605)
Impairment loss on non-financial assets	837,134	256,049
Property, plant and equipment transferred to expenses	254	291,737
Others	(480)	(346)
<b>Total adjustments to reconcile profit</b>	<b>3,298,992</b>	<b>3,072,343</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(7,439,520)	(4,828,492)
Notes and accounts receivable, net	(1,007,893)	(1,342,071)
Inventories	(7,342,330)	(484,233)
Other current assets	(1,152,111)	(919,545)
<b>Total changes in operating assets</b>	<b>(16,941,854)</b>	<b>(7,574,341)</b>
<b>Changes in operating liabilities:</b>		
Financial liabilities held for trading	(79,054)	78,193
Notes and accounts payable	(92,279)	1,598,356
Other payables	1,929,794	1,049,952
Other current liabilities	1,315,958	944,227
Net defined benefit liability, non-current	(68,229)	(65,737)
<b>Total changes in operating liabilities</b>	<b>3,006,190</b>	<b>3,604,991</b>
<b>Total changes in operating assets and liabilities</b>	<b>(13,935,664)</b>	<b>(3,969,350)</b>
<b>Total adjustments</b>	<b>(10,636,672)</b>	<b>(897,007)</b>
Cash inflow generated from operations	25,745,549	22,276,575
Interest received	546,327	412,595
Dividends received	303,906	124,062
Interest paid	(119,570)	(114,125)
Income taxes paid	(7,704,111)	(2,788,000)
<b>Net cash flows from operating activities</b>	<b>18,772,101</b>	<b>19,911,107</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	17,391	13,200
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,435,545	-
Proceeds from capital reduction of investments accounted for using equity method	166,570	-
Acquisition of property, plant and equipment	(12,037,081)	(10,340,646)
Proceeds from disposal of property, plant and equipment	805,134	560,549
Acquisition of intangible assets	(51,739)	(79,534)
Other non-current assets	2,402,957	(1,857,872)
<b>Net cash flows used in investing activities</b>	<b>(3,261,223)</b>	<b>(11,704,303)</b>
<b>Cash flows from (used in) financing activities:</b>		
Short-term borrowings	(650,168)	(4,451,505)
Proceeds from long-term borrowings	4,886,087	5,080,569
Payment of lease liabilities	(529,113)	(130,976)
Other non-current liabilities	(22,696)	(130,716)
Cash dividends paid	(7,152,382)	(3,215,885)
Payments to acquire treasury shares	(202,802)	(63,952)
Treasury shares sold to employees	99,303	86,413
Change in non-controlling interests	(1,695,229)	(714,060)
<b>Net cash flows used in financing activities</b>	<b>(5,267,000)</b>	<b>(3,540,112)</b>
Effect of exchange rate changes on cash and cash equivalents	(34,225)	33,856
Net increase in cash and cash equivalents	10,209,653	4,700,548
Cash and cash equivalents at beginning of period	27,219,730	22,519,182
Cash and cash equivalents at end of period	\$ <b>37,429,383</b>	<b>27,219,730</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)**

**(1) Company history**

CHIMEI Corporation (the “Company”) was incorporated on January 11, 1960 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company’s registered office is at No. 398, Sec. 1, Zhongzheng Rd., Rende Dist., Tainan City 717010, Taiwan (R. O. C.). The major business activities of the Company and its subsidiaries (together referred to as the “Group”) are the production and sale of ABS resin, AS resin, PS resin, MS resin, PMMA resin, PC resin, Composite material (including post-consumer recycled resin), synthetic rubber, electronic materials, specialty chemicals, etc. Please refer to Note 4(c) for details.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issue by the Board of Directors on March 29, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April, 2021.

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

**(4) Summary of significant accounting policies:**

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial supervisory commission, R.O.C. (hereinafter referred to as "IFRSs endorsed by the FSC").

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Hedging financial instruments are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(p).

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Share holding		Note
			December 31, 2021	December 31, 2020	
The Company	CHIMEI Industrial(H.K) Ltd.	General investment	100.00 %	100.00 %	
"	Jumping Holding Co., Ltd.	General investment	100.00 %	100.00 %	
"	CHILIN Technology Co.,	Manufacture, processing, trading, importing, and exporting of plastic products	87.01 %	88.01 %	
"	Nexgen Mediatech Inc.	Manufacture and sale of electronic appliances and machinery	97.80 %	97.80 %	
"	CHIMEI Green Energy Corp.	Power generation industry	100.00 %	100.00 %	
CHILIN Technology Co., Ltd.	Lin Shine Optronics (HK) Company Ltd.	General investment	- %	100.00 %	Deregistered in September 2021.
"	Lin Shine Engineering Plastics(Suzhou)Co.,Ltd.	Manufacture and sale of engineering plastics	100.00 %	100.00 %	

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Share holding		Note
			December 31, 2021	December 31, 2020	
Nexgen Mediatech Inc.	CMS Technology Inc.	Sale and repair of electrical appliances	100.00 %	100.00 %	
"	Mirai Lifestyle Inc.	Distribution and sale of home appliances	100.00 %	100.00 %	Became an investee of Nexgen Mediatech in May 2020.
Jumping Holding Co., Ltd.	Jentra Investment Co., Ltd.	General investment	100.00 %	100.00 %	
"	Zhangzhou CHIMEI Chemical Co., Ltd.	Manufacture of plastic materials in primary forms and synthetic resin	69.60 %	69.60 %	
Jentra Investment Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	Manufacture, sale, and processing of plastic products	69.60 %	69.60 %	

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate on that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate on the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Fair value through other comprehensive income (FVOCI )

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

(Continued)

## CHIMEI CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

On each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under ‘other equity— gains (losses) on hedging instruments, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Group expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(Continued)

## CHIMEI CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	2 years~ 60 years
2) Machinery	2 years~ 30 years
3) Other equipment	1 year~ 20 years

Depreciation methods, useful lives and residual values are reviewed on each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment, warehouses, and photocopiers etc. and lease of low-value assets. Instead, the Group recognized the payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- |                            |                  |
|----------------------------|------------------|
| 1) Other intangible assets | 1 year~ 10 years |
|----------------------------|------------------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (o) Revenue from contracts with customers
  - (i) Revenue from contracts with customers
    - 1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs at the port when the products have been loaded on board, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

- 2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

- (p) Employee benefits
  - (i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

- (ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

**CHIMEI CORPORATION AND SUBSIDIARIES**  
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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date on the Board of Directors passed the record date of capital increase.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed on each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
- 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired on the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation and restricted employee stock.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing these consolidated financial statements, in conformity with the IFRSs endorsed by the FSC, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

The Group's assumptions and estimation uncertainties do not include the information on a significant risk of resulting in a material adjustment within the next financial year.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	\$ 870	1,014
Checking account deposits	416	509
Demand deposits	23,953,198	18,361,250
Foreign currency deposits	4,127,993	3,167,394
Time deposits	3,617,000	2,321,094
Cash equivalents	<u>5,729,906</u>	<u>3,368,469</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 37,429,383</u></u>	<u><u>27,219,730</u></u>

Please refer to note 6(x) for the interest rate risk, and sensitivity analysis of the financial assets of the Group.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Financial assets and liabilities at fair value through profit or loss, Financial assets at fair value through other comprehensive income, and financial assets and liabilities for hedging

(i) Financial assets and liabilities at fair value through profit or loss:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Mandatorily measured at fair value through profit or loss:		
Non-Derivative Financial Assets		
Beneficiary certificate–open-ended fund	\$ 197,482	-
Bond investment	13,240,887	4,054,680
Structured deposits	5,875,728	7,873,813
Derivative instruments not used for hedging		
Forward exchange contracts	7,106	-
Total	<b>\$ 19,321,203</b>	<b>11,928,493</b>
Held-for-trading financial liabilities:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ -	12,077
Cross-currency interest rate swap contracts	-	67,376
	<b>\$ -</b>	<b>79,453</b>

The Group utilized derivative financial instruments to hedge currency risk arising from its operating, financing and investing activities. As of December 31, 2021 and 2020, the derivative instruments not qualified for hedge accounting were recognized as financial assets and liabilities held for trading as follows:

1) Financial assets

	<b>December 31, 2021</b>		
	<b>Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>
Forward exchange contracts	USD <b>54,000</b>	USD against TWD	2022.01.24~2022.03.24

2) Financial liabilities

	<b>December 31, 2020</b>		
	<b>Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>
Forward exchange contracts	USD <b>33,000</b>	USD against TWD	2021.01.06~2021.02.04

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2020					
	Amount (in thousands)	Contract duration	Interest rate for the pay leg	Interest rate for the receive leg	Swap period
Cross-currency interest rate swap contracts	USD <u>30,000</u>	2020.05~ 2021.04	2.55%	30-day LIBOR+1.30%	1 year

(ii) Financial assets at fair value through other comprehensive income, current and non-current:

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Stocks of listed companies-current	\$ -	3,820,107
Stocks of unlisted companies-non-current	<u>2,339,591</u>	<u>1,854,487</u>
Total	<u>\$ 2,339,591</u>	<u>5,674,594</u>

1) Equity investments at FVOCI

The Group invested in the aforementioned equity securities for long-term strategic investments rather than trading. Therefore, these equity securities have been designated as at fair value through other comprehensive income.

For the years ended December 31, 2021 and 2020, the Group recognized \$286,498 and \$104,374 respectively as dividend income resulting from its investments in equity instruments designated at fair value through other comprehensive income.

For the year ended December 31, 2021, the Group sold its financial assets at fair value through other comprehensive income, and the fair value thereof amounted to \$5,435,535 at the time of disposal. The accumulated losses on disposal amounted to \$1,045,960, which have been transferred from other equity to retained earnings. During the year ended December 31, 2020, no strategic investment was disposed of, and there was no transfer of any cumulative gains or losses within equity during the period then ended.

2) For credit risk and market risk, please refer to note 6(x).

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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(iii) Financial assets (liabilities) for hedging

1) Cash flow hedges

Due to the changes in market rate of interest and exchange rate, the Group's interest payable on loans in the US dollar may experience fluctuations in the future; to hedge the uncertainty of future cash flows, the Group has entered into cross currency swap contracts.

Item	For the years ended December 31,	
	2021	2020
Recognized in other comprehensive income for the year	\$ -	6,649

(iv) None of the above-mentioned financial assets of the Group has been pledged as collateral.

(c) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 2,466,750	4,175,365
Accounts receivable	9,848,781	7,180,570
Less: loss allowance	(77,219)	(57,702)
	<b>\$ 12,238,312</b>	<b>11,298,233</b>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowances were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 12,283,455	0.00%~1.08%	77,001
60 days past due	30,298	0.00%~1.08%	198
61 to 90 days past due	1,774	1.02%	16
More than 120 days past due	4	1.00%	4
	<b>\$ 12,315,531</b>		<b>77,219</b>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 11,306,681	0.00%~1.25%	56,502
1 to 60 days past due	48,435	0.00%~1.25%	401
61 to 90 days past due	20	0.00%	-
More than 120 days past due	799	99.87%~100%	799
	<b>\$ 11,355,935</b>		<b>57,702</b>

The movements in the allowance for notes and accounts receivable were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 57,702	58,823
Impairment losses recognized (reversed)	20,322	(381)
Amounts written off	(805)	(737)
Foreign exchange loss	-	(3)
Balance at December 31	<b>\$ 77,219</b>	<b>57,702</b>

As of December 31, 2021 and 2020, none of the Group's notes and accounts receivable were pledged as collateral for borrowings.

(d) Other receivables

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Other receivables	<b>\$ 139,672</b>	<b>111,476</b>

Based on historical experience, the aforementioned other receivables were not expected to incur any lifetime ECLs resulting from default events; therefore, the ECL was estimated at zero.

For further credit risk information, please refers to Note 6(x).

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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## (e) Inventories

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Raw materials	\$ 8,614,678	5,153,888
Consignment inventories	386,180	11,358
Supplies	258,455	303,388
Work in process	207,696	187,094
Semi-finished goods	2,149,735	1,508,988
Finished goods	9,143,226	6,127,373
Inventory in-transit	649,018	815,472
Merchandise	<u>802,684</u>	<u>751,014</u>
Total	<b><u>\$ 22,211,672</u></b>	<b><u>14,858,575</u></b>

For the years ended December 31, 2021 and 2020 the details of cost of goods sold were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Cost of goods sold	\$ 131,428,154	86,739,282
Losses (gains) on inventory valuation, disposal of scrapping and obsolescence	(4,318)	126,965
Revenue from sale of scrap and waste	(113,073)	(100,641)
Loss on physical inventory	45	32
Loss on work stoppages	860,293	645,940
Other operating costs	<u>5,640</u>	<u>4,761</u>
	<b><u>\$ 132,176,741</u></b>	<b><u>87,416,339</u></b>

For the year ended December 31, 2021 the original factors that caused the loss disappeared due to disposals of inventory, increasing the net realizable value of inventory, which was recognized as a reduction from operating costs.

As of December 31, 2021 and 2020, none of the above-mentioned inventories of the Group has been pledged as collateral.

## (f) Investments accounted for using equity method

The investments accounted for using the equity method on the reporting date were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Associates	<b><u>\$ 504,554</u></b>	<b><u>616,049</u></b>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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(i) Associates

The Group's financial information for investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 504,554</b>	<b>616,049</b>
	<b>For the years ended December 31, 2021</b>	<b>2020</b>
Attributable to the Group:		
Profit from continuing operations	\$ 73,891	68,335
Other comprehensive income	6,430	17,523
Total comprehensive income	<b>\$ 80,321</b>	<b>85,858</b>

(ii) Pledged investments

As of December 31, 2021 and 2020, none of the Group's investments accounted for using equity method were pledged as collateral.

(g) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020 were as follows:

	<b>Land</b>	<b>Building and construction</b>	<b>Machinery and equipment</b>	<b>Other facilities</b>	<b>Equipment to be inspected and construction in progress</b>	<b>Total</b>
Cost or deemed cost:						
Balance on January 1, 2021	\$ 12,091,778	16,247,379	62,741,774	5,822,207	12,842,251	109,745,389
Additions	1,680	844,482	1,440,550	56,172	10,576,578	12,919,462
Disposal	(302,364)	(43,774)	(3,773,334)	(130,905)	(15,827)	(4,266,204)
Reclassification	-	5,603,876	10,756,229	893,170	(17,299,170)	(45,895)
Other	-	-	-	-	(145,928)	(145,928)
Effect of movements in exchange rates	-	(33,341)	(110,921)	(13,567)	(56,515)	(214,344)
Balance on December 31, 2021	<b>\$ 11,791,094</b>	<b>22,618,622</b>	<b>71,054,298</b>	<b>6,627,077</b>	<b>5,901,389</b>	<b>117,992,480</b>
Balance on January 1, 2020	\$ 11,966,424	15,309,198	59,788,383	5,348,532	6,079,462	98,491,999
Additions	238,242	77,706	64,462	53,302	12,202,083	12,635,795
Disposal	(145,018)	(83,078)	(960,046)	(196,216)	(6,236)	(1,390,594)
Other	-	-	-	-	(457,053)	(457,053)
Reclassification	32,130	871,222	3,604,264	585,788	(5,128,186)	(34,782)
Effect of movements in exchange rates	-	72,331	244,711	30,801	152,181	500,024
Balance on December 31, 2020	<b>\$ 12,091,778</b>	<b>16,247,379</b>	<b>62,741,774</b>	<b>5,822,207</b>	<b>12,842,251</b>	<b>109,745,389</b>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Equipment to be inspected and construction in progress</u>	<u>Total</u>
Depreciation and impairment losses:						
Balance on January 1, 2021	\$ -	9,124,442	53,184,375	4,330,276	-	66,639,093
Depreciation for the year	-	662,645	2,073,024	441,792	-	3,177,461
Impairment loss	-	-	728,895	42,454	-	771,349
Disposals	-	(33,409)	(3,723,173)	(127,033)	-	(3,883,615)
Effect of movements in exchange rates	-	(16,065)	(81,111)	(10,263)	-	(107,439)
Balance on December 31, 2021	<u>\$ -</u>	<u>9,737,613</u>	<u>52,182,010</u>	<u>4,677,226</u>	<u>-</u>	<u>66,596,849</u>
Balance on January 1, 2020	\$ -	8,547,165	51,797,103	4,055,420	-	64,399,688
Depreciation for the year	-	599,047	1,876,594	441,706	-	2,917,347
Impairment loss	-	-	255,255	794	-	256,049
Disposals	-	(55,996)	(921,853)	(189,790)	-	(1,167,639)
Reclassification	-	-	1,105	(1,105)	-	-
Effect of movements in exchange rates	-	34,226	176,171	23,251	-	233,648
Balance on December 31, 2020	<u>\$ -</u>	<u>9,124,442</u>	<u>53,184,375</u>	<u>4,330,276</u>	<u>-</u>	<u>66,639,093</u>
Carrying amounts:						
Balance on December 31, 2021	<u>\$ 11,791,094</u>	<u>12,881,009</u>	<u>18,872,288</u>	<u>1,949,851</u>	<u>5,901,389</u>	<u>51,395,631</u>
Balance on January 1, 2020	<u>\$ 11,966,424</u>	<u>6,762,033</u>	<u>7,991,280</u>	<u>1,293,112</u>	<u>6,079,462</u>	<u>34,092,311</u>
Balance on December 31, 2020	<u>\$ 12,091,778</u>	<u>7,122,937</u>	<u>9,557,399</u>	<u>1,491,931</u>	<u>12,842,251</u>	<u>43,106,296</u>

In 2018, the Group's Board of Directors resolved to dispose of Land Lot No. 64-1 at Xinjing Sec. Xinshi Dist., Tainan City, for which a contract was entered into during 2018, with a contract sum of \$569,432. In March 2021, the land title has been transferred and the contract sum has been fully collected. In 2021, the gain on disposal, amounting to \$272,626, was recognized.

In 2020, the Group's Board of Directors resolved to dispose of nine land lots at Xinjing Sec., Xinshi Dist., Tainan City, for which a contract was entered into during 2021 with a contract sum of \$1,656,618, of which the amount of \$993,971 has been received in advance and recognized as other current liabilities.

For the years ended December 31, 2021 and 2020, the Group's interest expense amounted to \$426,247 and \$229,767 respectively, of which capitalized interest on fixed assets acquired (unfinished construction and prepayments for business facilities) amounted to \$247,152 and \$101,655; the interest rates were 4.0750% for 2021 and 0.3384% to 4.1750% for 2020.

The Group assessed the recoverable amount in respect of fixed assets. As a portion of the assets will not bring economic benefit in the future, the Group recognized impairment losses of \$771,349 and \$256,049 for 2021 and 2020, respectively. As a result of fixed assets sold, accumulated impairment losses decreased by \$352,214 and \$86,782, respectively. As of December 31, 2021 and 2020, the accumulated impairment losses amounted to \$3,652,484 and \$3,234,634, respectively; the remaining portion was not reversed as there was no evidence that the impairment losses recognized in respect of the asset would decrease.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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As the Group does not qualified as an agricultural entity, it is unable to register ownership and tax numbers for its agricultural land and the buildings thereon, for which it has entered into a contract with a natural person for registration in his/her name. All related documents have been kept by the Group as a protective measure.

As of December 31, 2021 and 2020, none of the Group's property, plant and equipment has been pledged as collateral.

(h) Right-of-use assets

The movements in the cost and depreciation of the leased land, buildings, machinery and equipment, transportation equipment and others were as follows:

	Land	Building	Office equipment	Transportation equipment	Other	Total
Right-of-use assets cost:						
Balance on January 1, 2021	\$ 936,569	47,958	2,107	5,470	498,306	1,490,410
Additions	438,402	31,599	-	5,110	80,479	555,590
Reductions	-	(23,256)	-	(3,773)	-	(27,029)
Effect of movements in exchange rates	(5,583)	-	-	-	-	(5,583)
Balance on December 31, 2021	<u>\$ 1,369,388</u>	<u>56,301</u>	<u>2,107</u>	<u>6,807</u>	<u>578,785</u>	<u>2,013,388</u>
Balance on January 1, 2020	\$ 925,079	43,780	2,107	5,470	500,745	1,477,181
Additions	-	6,197	-	-	-	6,197
Reductions	-	(2,139)	-	-	(2,745)	(4,884)
Lease modification	-	120	-	-	306	426
Effect of movements in exchange rates	11,490	-	-	-	-	11,490
Balance on December 31, 2020	<u>\$ 936,569</u>	<u>47,958</u>	<u>2,107</u>	<u>5,470</u>	<u>498,306</u>	<u>1,490,410</u>
Accumulated right-of-use assets depreciation:						
Balance on January 1, 2021	\$ 29,623	19,898	1,404	3,884	230,650	285,459
Depreciation for the year	42,572	11,803	703	1,550	122,392	179,020
Reductions	-	(12,819)	-	(3,773)	-	(16,592)
Effect of movements in exchange rates	(177)	-	-	-	-	(177)
Balance on December 31, 2021	<u>\$ 72,018</u>	<u>18,882</u>	<u>2,107</u>	<u>1,661</u>	<u>353,042</u>	<u>447,710</u>
Balance on January 1, 2020	\$ 14,630	10,198	702	1,754	114,565	141,849
Depreciation for the year	14,535	10,903	702	2,130	117,010	145,280
Reductions	-	(1,203)	-	-	(925)	(2,128)
Effect of movements in exchange rates	458	-	-	-	-	458
Balance on December 31, 2020	<u>\$ 29,623</u>	<u>19,898</u>	<u>1,404</u>	<u>3,884</u>	<u>230,650</u>	<u>285,459</u>
Carrying amount:						
Balance on December 31, 2021	<u>\$ 1,297,370</u>	<u>37,419</u>	<u>-</u>	<u>5,146</u>	<u>225,743</u>	<u>1,565,678</u>
Balance on January 1, 2020	<u>\$ 910,449</u>	<u>33,582</u>	<u>1,405</u>	<u>3,716</u>	<u>386,180</u>	<u>1,335,332</u>
Balance on December 31, 2020	<u>\$ 906,946</u>	<u>28,060</u>	<u>703</u>	<u>1,586</u>	<u>267,656</u>	<u>1,204,951</u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (i) Intangible assets

	<b>Other intangible assets</b>
Carrying amounts:	
Balance on December 31, 2021	\$ <b>317,765</b>
Balance on January 1, 2020	\$ <b>197,164</b>
Balance on December 31, 2020	\$ <b>307,120</b>

For the years ended December 31, 2021 and 2020, the Group's intangible assets were primarily computer software for which no material addition, disposal and impairment loss have been recognized or reversed; please refer to note 12 for the amounts of amortization.

## (j) Other current assets and other non-current assets

Other current assets and other non-current assets are summarized as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Prepayments to suppliers	\$ 2,497,935	1,466,706
Prepaid expenses	38,576	36,439
Long-term prepaid expenses	148,779	2,502,896
Deferred charges and unamortized expense	18,546	112,476
Gurantee deposits paid	116,934	193,713
Tax refund receivable	478,272	404,300
Other	835,971	797,087
	<b>\$ 4,135,013</b>	<b>5,513,617</b>

Please refer to note 8 for assets pledged as collateral as of December 31, 2021 and 2020.

## (k) Short-term borrowings

Short-term borrowings are summarized as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unsecured bank loans	\$ <b>450,000</b>	<b>1,105,238</b>
Unused short-term credit lines	<b>\$ 59,007,860</b>	<b>58,504,177</b>
Interest rate	<b>1.00%</b>	<b>0.98%~1.72%</b>

The Group has not provided any collateral to secure short-term borrowings.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (l) Long-term borrowings

Long-term borrowings are summarized as follows:

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Years of Maturity</b>	<b>Amount</b>
Unsecured bank loans	CNY	3.60%~4.075%	2023~2025	\$ 10,032,547
Less: Current portion				-
Total				<b>\$ 10,032,547</b>
Unused long-term credit lines				<b>\$ 6,471,233</b>
<b>December 31, 2020</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Years of Maturity</b>	<b>Amount</b>
Unsecured bank loans	CNY	4.08%~4.18%	2025	\$ 5,177,383
Less: Current portion				-
Total				<b>\$ 5,177,383</b>
Unused long-term credit lines				<b>\$ 3,560,817</b>

In accordance with the syndicated loan entered into between the Company's subsidiary and the banks of the syndication, the Group shall abide by certain financial ratios such as liquidity ratio, debt-to-tangible assets ratio, and interest coverage ratio. Otherwise, the banks have the right to claim immediate repayment in full pursuant to the contract.

None of the Group's assets have been pledged to secure bank loans.

For information on the Group's exposure to interest rate risk, currency risk, and liquidity risk, please refer to note 6(x).

## (m) Bonds payable

Unsecured ordinary corporate bonds (green bonds) issued by the Group were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total amount of corporate bonds issued	<b>\$ 5,000,000</b>	<b>5,000,000</b>

To implement the Group's environmental policy, respond to the Government's promotion of green energy, and to develop the green bond market, a five-year unsecured ordinary corporate bond with a coupon interest rate of 0.85% was issued in Taiwan on September 26, 2018. The maturity date of the bond is September 26, 2023, with an annual simple interest payment at the coupon interest rate since the issuance date and balloon repayment for the principal at maturity.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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All the funds raised were used to finance capital expenditures related to renewable energy development, energy efficiency improvement, greenhouse gas reduction, water resources recycling, and pollution control. The unused amount of \$1,499,270 and \$2,748,151 as of December 31, 2021 and 2020 were included in other current financial assets.

(n) Lease liabilities

The Group's lease liabilities were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current	<u>\$ 130,505</u>	<u>93,275</u>
Non-current	<u>\$ 133,052</u>	<u>160,265</u>

For the maturity analysis, please refer to Note 6(x) of "Financial instruments".

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 2,791</u>	<u>3,073</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 14,114</u>	<u>16,710</u>
Expenses relating to short-term leases	<u>\$ 59,782</u>	<u>39,072</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 334</u>	<u>249</u>

The amounts recognized in the statements of cash flows by Group were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 606,134</u>	<u>190,797</u>

(i) Real estate leases

As of December 31, 2021, the Group leases buildings for its office space and warehouses. The leases of office space and warehouses typically run for a period of 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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(ii) Lease of oil storage tanks in Port of Anping

Since April 2001, the Group has been leasing Wharves No. 22-23 in Port of Anping from Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. to develop wharves and construct storage tanks for petrochemicals on a BOT basis. Once the facilities are accepted after a phased inspection, the Group will lease them under a contract with a rent-free period, after which a new contract that runs for two to five years will be entered into; the rental will be adjusted annually according to the changes in the Wholesale Price Index (WPI) published by Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan).

(iii) Other leases

The Group also leases machinery equipment, warehouses, and copiers with contract terms of one to three years. These leases are short term and/or leases of low value items. The Group has elected not to recognize right of use assets and lease liabilities for these leases.

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and fair value of plan assets is as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of benefit obligations	\$ 3,241,689	3,347,609
Fair value of plan assets	<u>(2,492,121)</u>	<u>(2,558,693)</u>
Net defined benefit liabilities	<b><u>\$ 749,568</u></b>	<b><u>788,916</u></b>

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The balance of the Group's labor pension reserve account with the Bank of Taiwan and Hua Nan Bank amounted to \$2,492,121 on the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Movements in present value of the defined benefit obligations

The movements in the present value of the Group's defined benefit obligations were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Defined benefit obligation on January 1	\$ 3,347,609	3,340,839
Current service costs and interest cost	45,144	59,152
Remeasurement on the net defined benefit liabilities		
— Actuarial losses arising from changes in demographic assumptions	83,200	11
— Actuarial losses arising from changes in financial assumptions	(2,895)	75,880
— Actuarial gains arising from experience adjustments	(17,925)	77,007
Benefit paid	(213,444)	(205,280)
Defined benefit obligation on December 31	<b>\$ 3,241,689</b>	<b>3,347,609</b>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Fair value of plan assets on January 1	\$ 2,558,693	2,553,602
Interest income	12,971	19,580
Remeasurement on the net defined benefit liabilities		
— Return on plan assets (excluding current interest)	33,499	85,482
Contribution paid by the employer	100,402	105,309
Benefit paid	(213,444)	(205,280)
Fair value of plan assets on December 31	<b>\$ 2,492,121</b>	<b>2,558,693</b>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Current service costs	\$ 28,589	34,064
Net interest of net defined benefit liabilities	3,584	5,508
	<b>\$ 32,173</b>	<b>39,572</b>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 24,515	30,103
Selling expenses	3,039	3,883
Administrative expenses	2,598	3,137
Research and development expenses	2,021	2,449
	<b>\$ 32,173</b>	<b>39,572</b>

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions of Present Value of defined benefit obligations:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.50%~0.70%	0.30%~0.50%
Future salary increases rate	1.50%~3.00%	1.50%~2.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$95,644.

The weighted-average lifetime of the defined benefit plans is 10 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Impact on defined benefit obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2021		
Discount rate (0.25% movement)	(68,930)	71,098
Future salary increasing rate (0.25% movement)	69,176	(67,418)
December 31, 2020		
Discount rate (0.25% movement)	(73,693)	76,111
Future salary increasing rate (0.25% movement)	74,008	(72,034)

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Group's Taiwan subsidiaries allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were \$82,890 and \$81,080 for the year ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of the Labor Insurance.

For the years ended December 31, 2021 and 2020, the pension expenses contributed by the foreign entities following local regulations amounted to \$143,071 and \$78,856.

(p) Income taxes

(i) Income tax expense

The components of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 9,187,965	5,425,856
Adjustment for prior periods	(16,096)	(110,276)
Other	<u>5,789</u>	<u>52,892</u>
	<u>9,177,658</u>	<u>5,368,472</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>1,505,474</u>	<u>1,221,680</u>
	<u>1,505,474</u>	<u>1,221,680</u>
Income tax expense from continuing operations	<u><u>\$ 10,683,132</u></u>	<u><u>6,590,152</u></u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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The components amount of income tax benefit (expense) recognized in other comprehensive income (loss) for the years ended December 31, 2021 and 2020 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	\$ <u>6,639</u>	<u>12,372</u>

Reconciliations of income tax expense and profit before tax for the years ended December 31, 2021 and 2020 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Profit before tax	\$ <u>36,382,221</u>	<u>23,173,582</u>
Income tax using the Company's domestic tax rate	\$ 9,992,406	6,745,199
Permanent differences	(109,380)	(123,926)
Tax exempt income	(131,646)	(133,895)
Recognition of previously unrecognized tax losses	(38,768)	(28,531)
Current-year losses for which no deferred tax asset was recognized	-	839
Change in unrecognized temporary differences	(14,183)	(60,593)
Over provision in prior periods	(16,096)	(110,276)
Additional income tax on unappropriated earnings	375,986	10,353
Income basic tax	-	379
Overestimate of prior-year deferred tax	-	(2,734)
Other	<u>624,813</u>	<u>293,337</u>
Income tax expense	\$ <u>10,683,132</u>	<u>6,590,152</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets that have not been recognized in respect of the following items:

	<u>December 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
Tax effect of deductible temporary differences	\$ 63,498	77,447
The carried forward of unused tax losses	<u>103,716</u>	<u>143,345</u>
	\$ <u>167,214</u>	<u>220,792</u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2021, the Group's unused tax losses were as follows. Among the tax losses, \$21,367 were recognized as deferred tax assets.

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Year of expiration</u>
2013	\$ 131,982	2023
2014	427,282	2024
2015	66,153	2025
	<u>\$ 625,417</u>	

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	<u>Gain (loss) on investment</u>	<u>Other</u>	<u>Total</u>		
<b>Deferred Tax Liabilities:</b>					
Balance on January 1, 2021	\$ 4,052,187	107,536	4,159,723		
Recognized in profit or loss	1,740,627	(16,090)	1,724,537		
Balance on December 31, 2021	<u>\$ 5,792,814</u>	<u>91,446</u>	<u>5,884,260</u>		
Balance on January 1, 2020	\$ 2,661,702	165,076	2,826,778		
Recognized in profit or loss	1,390,485	(57,540)	1,332,945		
Balance on December 31, 2020	<u>\$ 4,052,187</u>	<u>107,536</u>	<u>4,159,723</u>		
	<u>Defined benefit plans</u>	<u>Impairment losses on assets</u>	<u>The carried forward of unused tax losses</u>	<u>Other</u>	<u>Total</u>
<b>Deferred Tax Assets:</b>					
Balance on January 1, 2021	\$ 64,554	168,920	21,367	273,292	528,133
Recognized in profit or loss	(12,961)	129,659	-	102,365	219,063
Recognized in other comprehensive income	6,639	-	-	-	6,639
Balance on December 31, 2021	<u>\$ 58,232</u>	<u>298,579</u>	<u>21,367</u>	<u>375,657</u>	<u>753,835</u>

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	<u>Defined benefit plans</u>	<u>Impairment losses on assets</u>	<u>The carried forward of unused tax losses</u>	<u>Other</u>	<u>Total</u>
Balance on January 1, 2020	\$ 64,786	160,775	21,367	157,568	404,496
Recognized in profit or loss	(12,604)	8,145	-	115,724	111,265
Recognized in other comprehensive income	<u>12,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,372</u>
Balance on December 31, 2020	<u>\$ 64,554</u>	<u>168,920</u>	<u>21,367</u>	<u>273,292</u>	<u>528,133</u>

(iii) The income tax rate for subsidiaries in the Mainland is 25%. The Group's investees are not required to pay tax for overseas income under the current local tax law.

(iv) Assessment of tax

Except for 2018, the Company's income tax returns for the years up to 2019 have been examined and approved by the R.O.C. tax authorities.

(q) Capital and other equity

As of both December 31, 2021 and 2020, the Company's authorized capital amounted to \$19,600,000 divided into 1,960,000 thousand shares, with a par value of \$10 NT dollars per share. Of the aforementioned authorized share capital, the shares issued amounted to 1,819,775 thousand shares and 1,789,775 thousand shares respectively, all of which were paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2021 and 2020 was as follows:

	(In thousands of shares)	
	<u>Ordinary Shares</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Balance on January 1	1,789,775	1,789,800
Restricted stock awards	30,000	-
Share capital canceled	-	(25)
Balance on December 31	<u>1,819,775</u>	<u>1,789,775</u>

(i) Issue of ordinary shares

On May 17, 2021, the Company's restricted stock awards (RSA) scheme was approved by the shareholders' meeting. On November 16, 2021, the Board of Directors resolved to issue 30,000 thousand ordinary shares at par, totaling \$300,000. The record date of the capital increase is December 29, 2021, and relevant statutory procedures have been completed on January 20, 2022.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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On May 16, 2016, the Company's restricted stock awards (RSA) scheme was approved by the shareholders' meeting. On September 2, 2016, the Board of Directors resolved to issue 30,000 thousand ordinary shares at par, totaling \$300,000. The record date of the capital increase is September 8, 2016, and relevant statutory procedures have been completed on October 4, 2016. On September 30, 2017, September 30, 2018, October 15, 2019, and September 30, 2020, the Company canceled respectively 358 thousand shares, 358 thousand shares, 1,107 thousand shares, and 25 thousand shares of the restricted stock awarded as a result of staff departure and performance ratings below requirements. The registration of the respective changes was completed on October 16, 2017, October 25, 2018, November 12, 2019, and November 12, 2020.

Please refer to note 6(r) for details.

(ii) Capital surplus

The components of the capital surplus were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Share capital	\$ 540,828	540,750
Movements in equity of associates and joint ventures accounted for using equity method	2,841	2,841
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	2,173	2,245
Restricted stock awards	1,050,000	78
Treasury share transactions	<u>130,294</u>	<u>89,947</u>
	<u><u>\$ 1,726,136</u></u>	<u><u>635,861</u></u>

In accordance with the ROC company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting a deficit. The aforementioned realized capital surplus includes share premiums and donation gains. In accordance with the securities offering and Issuance Guidelines, the amount of capital reserve that can be capitalized shall not exceed 10% of the total actual share capital amount.

(iii) Retained earnings

According to the Articles of Incorporation, after tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve, except when the legal reserve of the Company reaches paid in capital of the Company. Special reserve may be appropriated if necessary, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
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2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reverse (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior period. Amount of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2021 and 2020, the balance of the special reserve amounted to \$2,682,297 and \$5,289,035, respectively.

3) Earnings distribution

At the shareholder's meeting on May 17, 2021 and May 18, 2020, the shareholders approved to distribute the 2020 and 2019 earnings, respectively, as follows:

	<b>For the years ended December 31,</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Dividend per share (\$)</b>	<b>Amount</b>	<b>Dividend per share (\$)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders				
Cash	\$ 4.00	<u><u>7,152,382</u></u>	1.80	<u><u>3,215,885</u></u>

On March 29, 2022, the Group's Board of Directors resolved to appropriate the 2021 earnings. These earnings were appropriated as follows:

	<b>For the years ended December 31,</b>	
	<b>Dividend per share (TWD)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders		
Cash	\$ 6.00	<u><u>10,709,351</u></u>

(iv) Treasury shares

For the years ended December 31, 2021 and 2020, treasury shares acquired by the Company for the transfer to employees pursuant to Article 167-1 of the Company Act totaled 6,337 thousand shares and 2,108 thousand shares, amounting to \$202,802 and \$63,952, respectively. As of December 31, 2021, the number of uncanceled shares was 4,769 thousand shares.

In accordance with the Company Act, the Company's treasury shares do not carry any shareholder rights before they are transferred.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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(v) Other equity (net of taxes) and noncontrolling interests

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (loss) from hedging instruments	Unearned compensation	Non- controlling interests
Balance on January 1, 2021	\$ (924,009)	(1,758,288)	-	-	10,235,489
Exchange differences on translation of foreign financial statements	(174,160)	-	-	-	(59,488)
Exchange differences on associates accounted for using equity method	6,430	-	-	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,118,909	-	-	(976)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	1,045,960	-	-	-
Unearned compensation	-	-	-	(1,343,531)	-
Other	-	-	-	-	2,423,862
Balance on December 31, 2021	<u>\$ (1,091,739)</u>	<u>1,406,581</u>	<u>-</u>	<u>(1,343,531)</u>	<u>12,598,887</u>
Balance on January 1, 2020	\$ (1,311,979)	(3,970,407)	(6,649)	(3,614)	7,699,832
Exchange differences on translation of foreign financial statements	370,447	-	-	-	138,321
Exchange differences on associates accounted for using equity method	17,523	-	-	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,212,119	-	-	(966)
Gains (loss) arising from changes in the fair value of hedging instruments	-	-	6,649	-	-
Unearned compensation	-	-	-	3,614	-
Other	-	-	-	-	2,398,302
Balance on December 31, 2020	<u>\$ (924,009)</u>	<u>(1,758,288)</u>	<u>-</u>	<u>-</u>	<u>10,235,489</u>

(r) Share-based payment

On May 17, 2021, the Company's Board of Directors resolved to award 30,000 thousand new shares of restricted stock to full-time employees who meet certain requirements, which has been registered with and approved by the Securities and Futures Bureau of FSC. On November 16, 2021, the Board of Directors decided to issue the restricted shares, and the fair value at the grant date was 45 dollar per share.

On May 16, 2016, the Company's Board of Directors resolved to award 30,000 thousand shares of restricted employee stock to full-time employees who meet certain requirements, which has been registered with, and approved by the Securities and Futures Bureau of FSC. On September 2, 2016, the Board of Directors decided to issue the restricted shares, and fair value at the grant date was 29.4 dollar per share.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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After one year, two years, and three years of service following the grant date, 30%, 30%, and 40% of the restricted employee stock will be vested, respectively. These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to other parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Company shall redeem and cancel all the unvested shares thereafter.

Details of the restricted stock of the Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Outstanding on 1 January (number)	4	184
Granted during the year (number)	30,000	-
Vested during the year (number)	(4)	(155)
Forfeited during the year (number)	-	(25)
Outstanding on 31 December (number)	<b>30,000</b>	<b>4</b>

As of December 31, 2021 and 2020, the Company has the following RSA share-based payment transactions:

<b>Type</b>	<b>Restricted stock awards (RSA)</b>	
	December 29, 2021	September 8, 2016
Grant date		
Fair value at grant date	45	29.4
Number of shares granted	30,000,000	30,000,000
Contract term	-	-
Recipients	All employees	All employees
Vesting conditions	In compliance with the Company's appraisal standards	In compliance with the Company's appraisal standards

The grant-date fair value of the restricted employee option was appraised using the price-to-book ratio based on the market approach and discounted taking into consideration non-quantifiable factors such as liquidity.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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As of December 31, 2021 and 2020, the Company has the following treasury stock transferred to employees share-based payment transactions:

<u>Transaction type</u>	<u>Equity-settled</u>	
	<u>Treasury stock transferred to employees (B)</u>	<u>Treasury stock transferred to employees (A)</u>
Grant date	September 24, 2021	November 3, 2020
Number of shares granted	3,182,790	2,955,291
Contract term	-	-
Recipients	All employees	All employees
Vesting conditions	Immediately vested	Immediately vested
Fair value at grant date	12.77	7.56

To boost staff morale and commitment, the Company repurchased its treasury shares and transfer them to its employees who meet certain conditions pursuant to Article 167-1 of the Company Law.

The Company's transfer of treasury shares are detailed as follows:

(in thousands)

	<u>For the years ended December 31,</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Weighted-average exercise price</u>	<u>Number of options</u>	<u>Weighted-average exercise price</u>	<u>Number of options</u>
Outstanding on January 1	\$ -	-	-	-
Granted during the year (number)	-	3,183	-	2,955
Exercised during the year (number)	-	(3,183)	-	(2,955)
Outstanding on December 31	\$ -	-	-	-

(i) Expense recognized in profit or loss

The Group incurred expenses of share-based payments in 2021 and 2020 as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Expenses resulting from RSA	\$ 6,469	2,885
Expenses resulting from treasury shares transferred to employees	40,644	22,342
Total	\$ <u>47,113</u>	<u>25,227</u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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## (s) Earnings per share

For the years ended December 31, 2021 and 2020, the basic and diluted earnings per share were calculated as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>21,576,838</u>	<u>13,460,070</u>
Weighted-average number of ordinary shares (in thousands)	<u>1,785,847</u>	<u>1,786,162</u>
	<u>\$ 12.08</u>	<u>7.54</u>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>21,576,838</u>	<u>13,460,070</u>
Weighted-average number of ordinary shares (basic)	1,785,847	1,786,162
Effect of dilutive potential ordinary shares		
Effect of employee share bouns	6,053	4,535
Effect of restricted employee shares unvested	<u>22</u>	<u>125</u>
Weighted-average number of ordinary shares (in thousands) (after adjusting the effect of dilutive potential ordinary share)	<u>1,791,922</u>	<u>1,790,822</u>
	<u>\$ 12.04</u>	<u>7.52</u>

## (t) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>For the years ended December 31, 2021</u>		
	<u>Plastics and chemicals Department</u>	<u>Others</u>	<u>Total</u>
Primary geographical markets:			
Asia	\$ 158,030,355	3,155,611	161,185,966
America	6,193,464	-	6,193,464
Europe	7,344,339	-	7,344,339
Others	<u>3,947,922</u>	<u>-</u>	<u>3,947,922</u>
	<u>\$ 175,516,080</u>	<u>3,155,611</u>	<u>178,671,691</u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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<b>For the years ended December 31, 2021</b>			
	<b>Plastics and chemicals Department</b>	<b>Others</b>	<b>Total</b>
Major products:			
Plastic and rubber	\$ 162,891,648	-	162,891,648
Electronic materials	2,398,387	-	2,398,387
Specialty chemicals	5,157,095	-	5,157,095
Processed Plastic	3,937,135	-	3,937,135
Others	1,131,815	3,155,611	4,287,426
	<b>\$ 175,516,080</b>	<b>3,155,611</b>	<b>178,671,691</b>
<b>For the years ended December 31, 2020</b>			
	<b>Plastics and chemicals Department</b>	<b>Others</b>	<b>Total</b>
Primary geographical markets:			
Asia	\$ 108,761,783	1,976,352	110,738,135
America	2,427,533	-	2,427,533
Europe	2,046,263	-	2,046,263
Others	2,014,471	-	2,014,471
	<b>\$ 115,250,050</b>	<b>1,976,352</b>	<b>117,226,402</b>
Major products:			
Plastic and rubber	\$ 104,322,726	-	104,322,726
Electronic materials	3,159,578	-	3,159,578
Specialty chemicals	4,874,771	-	4,874,771
Processed Plastic	2,091,152	-	2,091,152
Others	801,823	1,976,352	2,778,175
	<b>\$ 115,250,050</b>	<b>1,976,352</b>	<b>117,226,402</b>
(ii) Contract balances			
	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Notes and accounts receivable (including related parties)	\$ 12,315,531	11,355,935	9,876,405
Less: allowance for impairment	(77,219)	(57,702)	(58,823)
Total	<b>\$ 12,238,312</b>	<b>11,298,233</b>	<b>9,817,582</b>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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For details on notes and accounts receivable and allowance for impairment, please refer to note 6(c).

As of December 31, 2021, December 31, 2020, and January 1, 2020, the balances of contract liabilities (recognized as other current liabilities) amounted to \$1,661,665, \$1,132,307, and \$509,542, respectively. For the years ended December 31, 2021 and 2020, the opening balances recognized as revenue amounted to \$1,103,844 and \$432,437, respectively.

(u) Compensation of employees, directors, and supervisors

The Company's Articles of Incorporation stipulate that if there is profit for the year, a minimum of 1% shall be set aside to distribute employee compensation and a maximum of 0.1% shall be set aside to distribute compensation for directors and supervisors. However, if the Company has accumulated losses, the profit shall be reserved to offset the deficit. The aforementioned earnings refer to income before tax excluding compensation of employees, directors, and supervisors. Employee compensation, which shall be distributed in cash or in shares, shall be resolved by the Board of Directors and be reported to the shareholders' meeting.

For the years ended December 31, 2021 and 2020, the Company estimated the compensation for employees at \$275,103 and \$166,587, and for directors and supervisors at \$110 for both years. The aforementioned estimates, calculated based on profit before tax (before excluding employee compensation) during the respective years multiplied by a certain percentage of compensation for employees, directors and supervisors specified in the Articles of Incorporation, were presented as operating costs or operating expenses. Related information is available on the Market Observation Post System website. For the year ended December 31, 2020, the difference between the amount of employee compensation stated in the financial statements and the amount of actual distribution was \$5,573, which shall be treated as changes in accounting estimates and recognized in profit or loss for the year ended December 31, 2021.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income for the years ended December 31, 2021 and 2020 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 414,314	330,122
Interest income from financial assets measured at fair value through profit or loss	206,662	86,207
Others	<u>331</u>	<u>363</u>
Total interest income	<u>\$ 621,307</u>	<u>416,692</u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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## (ii) Other income

The details of other income for the years ended December 31, 2021 and 2020 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Rent income	\$ 59,557	78,561
Dividend income	286,500	104,378
	<b>\$ 346,057</b>	<b>182,939</b>

## (iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange losses	\$ (215,881)	(395,272)
Gains on disposal of property, plant and equipment	422,545	337,605
Gains (losses) on financial assets at fair value through profit or loss	(227,248)	(27,245)
Impairment losses on property, plant and equipment	(771,349)	(256,049)
Impairment losses on other assets	(65,785)	-
Others	287,110	307,322
	<b>\$ (570,608)</b>	<b>(33,639)</b>

## (iv) Finance costs

The details of finance costs for the years ended December 31, 2021 and 2020 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Bank borrowings	\$ 422,576	226,674
Others	3,671	3,093
Less: capitalized interest payments	(247,152)	(101,655)
	<b>\$ 179,095</b>	<b>128,112</b>

## (w) Reclassification adjustments to components of other comprehensive income

For the years ended December 31, 2021 and 2020, reclassification adjustments to the components of other comprehensive income were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Cash flow hedges:		
Gains (losses) for the period	\$ -	6,649
Gains and losses recognized in other comprehensive income	<b>\$ -</b>	<b>6,649</b>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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(x) Financial instruments

(i) Credit risks

1) Exposure to credit risk

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Receivables of credit risk

For credit risk exposure of notes and accounts receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables. For the details of loss allowance, please refer to note 6(d).

Other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(ii) Liquidity risk

The following are the contractual maturities of the Group's financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
<b>Balance on December 31, 2021</b>							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 10,482,547	11,381,531	651,267	200,879	3,958,320	6,571,065	-
Notes and accounts payable	7,021,731	7,021,731	7,021,731	-	-	-	-
Other payables	8,933,898	8,933,898	8,933,898	-	-	-	-
Lease liabilities	263,557	268,783	74,092	58,449	95,506	20,185	20,551
Bonds payable	5,000,000	5,073,822	20,959	21,541	5,031,322	-	-
Guarantee deposits received	23,825	23,825	23,825	-	-	-	-
	<u>\$ 31,725,558</u>	<u>32,703,590</u>	<u>16,725,772</u>	<u>280,869</u>	<u>9,085,148</u>	<u>6,591,250</u>	<u>20,551</u>
<b>Balance on December 31, 2020</b>							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 6,282,621	7,173,426	1,214,802	107,457	212,009	5,639,158	-
Notes and accounts payable	7,135,824	7,135,824	7,135,824	-	-	-	-
Other payables	7,361,009	7,361,009	7,361,009	-	-	-	-
Lease liabilities	253,540	258,204	49,059	46,648	91,562	70,935	-
Bonds payable	5,000,000	5,116,322	20,958	21,541	42,500	5,031,323	-
Guarantee deposits received	32,180	32,180	32,180	-	-	-	-
Derivative financial liabilities							
Forward exchange contracts							
Outflow	12,077	939,650	939,650	-	-	-	-
Inflow	-	(927,573)	(927,573)	-	-	-	-
Cross-currency interest rate swap contracts							
	67,376	67,376	67,376	-	-	-	-
	<u>\$ 26,144,627</u>	<u>27,156,418</u>	<u>15,893,285</u>	<u>175,646</u>	<u>346,071</u>	<u>10,741,416</u>	<u>-</u>

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The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risks

The Group's significant exposure to foreign currency risk was as follows:

		<b>December 31, 2021</b>		
		<b>Foreign currency (In thousands)</b>	<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	438,182	USD:TWD 27.6900	12,133,260
		90,798	USD:CNY 6.3756	2,514,197
CNY		19,244	CNY:TWD 4.3431	83,579
JPY		2,104,283	JPY:TWD 0.2409	506,922
EUR		11,860	EUR:TWD 31.3685	372,030
<u>Non-monetary items</u>				
USD		11,031	USD:TWD 27.690	305,438
CNY		8,414,654	CNY:TWD 4.354	36,634,531
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		30,292	USD:TWD 27.6900	838,785
		125,211	USD:CNY 6.3756	3,467,093
JPY		1,328,896	JPY:TWD 0.2409	320,131
		439,297	JPY:CNY 0.0555	105,827
<u>Non-monetary items</u>				
USD		26,332	USD:TWD 27.6900	729,133
EUR		7,146	EUR:TWD 31.3685	224,159

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
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		<b>December 31, 2020</b>		
		<b>Foreign currency (In thousands)</b>	<b>Exchange rate</b>	<b>NTD</b>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	308,710	USD:TWD 28.5080	8,800,705
		450,607	USD:CNY 6.5959	12,845,904
CNY		77,997	CNY:TWD 4.3221	337,111
JPY		1,899,018	JPY:TWD 0.2726	517,672
EUR		6,115	EUR:TWD 34.5778	211,443
<u>Non-monetary items</u>				
USD		9,111	USD:TWD 28.508	259,744
CNY		6,447,605	CNY:TWD 4.322	27,866,934
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		45,954	USD:TWD 28.5080	1,310,057
		729,045	USD:CNY 6.5959	20,783,615
JPY		1,328,487	JPY:TWD 0.2726	362,146
<u>Non-monetary items</u>				
USD		28,316	USD:TWD 28.5080	807,233
		444	USD:CNY 6.5959	12,658
EUR		4,601	EUR:TWD 34.5778	159,092

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets and liabilities at fair value through profit or loss, accounts receivable, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 1% depreciation or appreciation of the TWD against the USD and CNY as of December 31, 2021 and 2020, would have increased or decreased the net loss after tax for the years ended December 31, 2021 and 2020 by \$87,226 and \$7,231, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

As Group deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020 the foreign exchange gain (loss), including realized and unrealized, amounted to \$215,881 and \$395,272, respectively.

(iv) Interest rate analysis

The interest rate exposure of the Group's financial assets and liabilities is described in Note on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate increases or decreases by 1%, the Group's net loss will decrease or increase by \$83,860 and \$50,261 for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors that remain constant. This is mainly due to the Group's borrowing in variable interest rate.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 19,314,096	13,438,369	-	5,875,728	19,314,097
Derivative financial assets	7,106	-	7,106	-	7,106
Subtotal	<u>19,321,202</u>	<u>13,438,369</u>	<u>7,106</u>	<u>5,875,728</u>	<u>19,321,203</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Unquoted equity instruments	<u>2,339,591</u>	-	-	<u>2,339,591</u>	<u>2,339,591</u>
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	37,429,383	-	-	-	-
Notes receivable and accounts receivable	12,238,312	-	-	-	-
Other financial assets	1,509,587	-	-	-	-
Other receivables	139,672	-	-	-	-
Guarantee deposits paid	<u>116,934</u>	-	-	-	-
Subtotal	<u>51,433,888</u>	-	-	-	-
Total	<u>\$ 73,094,681</u>	<u>13,438,369</u>	<u>7,106</u>	<u>8,215,319</u>	<u>21,660,794</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Unsecured bank loans	\$ 10,482,547	-	-	-	-
Notes payable and accounts payables	7,021,731	-	-	-	-
Other payables	8,933,898	-	-	-	-
Bonds payables	5,000,000	-	-	-	-
Guarantee deposits received	23,825	-	-	-	-
Lease liabilities	<u>263,557</u>	-	-	-	-
Total	<u>\$ 31,725,558</u>	-	-	-	-

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 11,928,493	4,054,680	-	7,873,813	11,928,493
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks of listed companies	3,820,107	3,820,107	-	-	3,820,107
Unquoted equity instruments	1,854,487	-	-	1,854,487	1,854,487
Subtotal	5,674,594	3,820,107	-	1,854,487	5,674,594
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	27,219,730	-	-	-	-
Notes receivable and accounts receivable	11,298,233	-	-	-	-
Other financial assets	2,758,467	-	-	-	-
Other receivables	111,476	-	-	-	-
Guarantee deposits paid	193,713	-	-	-	-
Subtotal	41,581,619	-	-	-	-
Total	<u>\$ 59,184,706</u>	<u>7,874,787</u>	<u>-</u>	<u>9,728,300</u>	<u>17,603,087</u>
<b>Financial liabilities at fair value through profit or loss</b>					
<b>Derivative financial liabilities</b>					
Forward exchange contracts	\$ 12,077	-	12,077	-	12,077
Cross-currency interest rate swap contracts	67,376	-	67,376	-	67,376
Subtotal	79,453	-	79,453	-	79,453
<b>Financial liabilities at amortized cost</b>					
Unsecured bank loans	6,282,621	-	-	-	-
Notes payable and accounts payables	7,135,824	-	-	-	-
Other payables	7,361,009	-	-	-	-
Bonds payable	5,000,000	-	-	-	-
Guarantee deposits received	32,180	-	-	-	-
Lease liabilities	253,540	-	-	-	-
Subtotal	26,065,174	-	-	-	-
Total	<u>\$ 26,144,627</u>	<u>-</u>	<u>79,453</u>	<u>-</u>	<u>79,453</u>

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

If the quoted prices in active markets are available, the market price is established as the fair value.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The fair value of the Group's equity instruments without an active market are measured using the market approach or the asset-based approach; the former derives market multiples from listed entities comparable to the investee to estimate the value of the underlying object, adjusted for the effect of the non-marketability of the equity securities.

(2.2) Derivative financial instruments

Cross-currency interest rate swap contracts are normally assessed using the current exchange rate and interest rate. Forward exchange contracts are normally assessed using the current forward exchange rate.

3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 during 2021 and 2020.

4) Reconciliation of level 3 fair values

	<b>At fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>
<b>Balance on January 1, 2021</b>	\$ 7,873,813	1,854,487
Purchased	33,876,960	-
Return of capital on capital reduction	-	(17,391)
Recognized in profit or loss	3,165	-
Recognized in other comprehensive income	-	1,172,838
Disposal / Redemption	(35,831,400)	(670,343)
Effect of movements in exchange rate	(46,810)	-
<b>Balance on December 31, 2021</b>	<b>\$ 5,875,728</b>	<b>2,339,591</b>

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>At fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>
<b>Balance on January 1, 2020</b>	\$ 1,730,566	1,219,797
Purchased	41,544,906	-
Return of capital on capital reduction	-	(13,200)
Recognized in profit or loss	5,068	-
Recognized in other comprehensive income	-	647,890
Disposal / Redemption	(35,542,546)	-
Effect of movements in exchange rate	<u>135,819</u>	<u>-</u>
<b>Balance on December 31, 2020</b>	<b><u>\$ 7,873,813</u></b>	<b><u>1,854,487</u></b>

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. Quantitative information on significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation Technique</b>	<b>Significant Non-observable Input</b>	<b>The Relationship between Significant Non-observable Input and Fair Value</b>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Asset-based approach	Market illiquidity discount (15%)	The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through profit or loss-financial instruments without an active market	Discounted cash flow method	Discount Rate (3.05%~3.76% on December 31, 2021 and 1.35%~2.06% on December 31, 2020)	The higher the discount rate, the lower the fair value

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurement on financial instruments is reasonable. The measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Input</u>	<u>Variation</u>	<u>Impact of Fair Value Change on Profit or Loss</u>		<u>Impact of Fair Value Change on Other Comprehensive income or loss</u>	
			<u>Favorable Change</u>	<u>Unfavorable Change</u>	<u>Favorable Change</u>	<u>Unfavorable Change</u>
<b>Balance on December 31, 2021</b>						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 22,034	(22,034)	-	-
Financial assets at fair value through other comprehensive income						
Financial instruments without an active market	Market Multiple	0.5%	-	-	11,387	(11,387)
<b>Balance on December 31, 2020</b>						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 29,527	(29,527)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market Multiple	0.5%	\$ -	-	9,066	(9,066)

The favorable change and unfavorable change represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculating using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another inputs.

(y) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and credit risk arises principally from the Group's receivables from customers and investments.

1) Accounts receivable and other receivables

The Group established a credit policy to only transact with creditworthy obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

The Group hedged the credit risk on financial assets through holding collateral and insuring accounts receivable.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries in which more than 50% of voting shares are directly or indirectly held by the Group and for entities that have transactions with the Group.

Please refer to note 13 for endorsement and guarantees provided by the Group for other parties as of December 31, 2021.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In general, the Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on operating expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Additionally, the Group's unused lines of credit amounted to \$65,479,093 and \$62,064,994 as of December 31, 2021 and 2020, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (NTD), US Dollars (USD), and the China Yen (CNY). The currencies used in these transactions are the NTD, CNY, EUR, JPY, and USD.

Loan interest was denominated in the currency of the principal. In general, borrowings were denominated in currencies that match with the cash flows generated by the underlying operations of the Company, primarily NTD, CNY, and USD.

The Group adopts natural hedge in principle and uses derivative instruments to hedge currency risk.

2) Interest risk

The Group manages interest rates risk by maintaining an adequate combination of fixed and variable interest rates. The Group periodically assesses hedging activities to align its view on interest rate to certain risk appetite, so as to ascertain the hedging strategy that conforms to the cost effectiveness.

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(z) Capital Management

The Group's policy is to safeguard the capacity to continue to operate, to continue to provide returns for shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. Total capital comprises share capital, capital surplus, retained earnings, treasury shares, and other equity plus net debt.

The Group's debt to capital ratios at the reporting date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 46,349,835	36,273,151
Less: cash and cash equivalents	<u>(37,429,383)</u>	<u>(27,219,730)</u>
Net debt	8,920,452	9,053,421
Total equity	<u>107,512,061</u>	<u>88,852,583</u>
Adjusted equity	<u><b>\$ 116,432,513</b></u>	<u><b>97,906,004</b></u>
Debt to equity ratio	<u><b>7.66 %</b></u>	<u><b>9.25 %</b></u>

(aa) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2021 and 2020, were as follows:

- (i) For right-of-assets under lease, please refer to note 6(h).
- (ii) Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2021</u>
Short-term borrowings	\$ 1,105,238	(650,168)	(5,070)	450,000
Long-term borrowings	5,177,383	4,886,087	(30,923)	10,032,547
Lease liabilities	<u>253,540</u>	<u>(529,113)</u>	<u>539,130</u>	<u>263,557</u>
Total liabilities from financing activities	<u><b>\$ 6,536,161</b></u>	<u><b>3,706,806</b></u>	<u><b>503,137</b></u>	<u><b>10,746,104</b></u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2020</u>
Short-term borrowings	\$ 5,547,874	(4,451,505)	8,869	1,105,238
Long-term borrowings	-	5,080,569	96,814	5,177,383
Lease liabilities	380,985	(130,976)	3,531	253,540
Total liabilities from financing activities	<u>\$ 5,928,859</u>	<u>498,088</u>	<u>109,214</u>	<u>6,536,161</u>

**(7) Related-party transactions**

(a) Names and relationship with the Group

The followings are related parties that had transactions with the Group during the period covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Suzhou Newhuamei Plastics Co., Ltd.	Associates
Danyang New Huamei Plastic Co., Ltd.	Associates
Qingdao Zhongxinhuamei Plastic Co., Ltd.	Associates
Dongguan Sinochem Huamei Plastic Co., Ltd.	Associates
CHI LIN Optoelectronics Co., Ltd.	Associates
Lushun Warehouse Co., Ltd.	Associates
Chimei Culture Foundation	More than 1/3 of the funds are donated by the Group
Chimei Museum Foundation	More than 1/3 of the funds are donated by the Group
Chi Mei Frozen Food Co., Ltd.	Substantive related party of the Group
Chi Mei Trading Co., Ltd.	Substantive related party of the Group
Taichi Investment Corporation	Substantive related party of the Group
The Wen Long Cultural Foundation	Substantive related party of the Group
Rioselecta Investment Limited	Substantive related party of the Group
All directors, supervisors, general managers, and deputy general manager	Key management of the Group

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Significant transactions with related parties

(i) Sales revenue

The amounts of significant sales by the Group to related parties were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Associates	\$ 1,223,348	913,488
Other related parties	122,864	110,223
	<b><u>\$ 1,346,212</u></b>	<b><u>1,023,711</u></b>

The selling pricing for related parties was not materially different from arm's length transactions. The credit terms ranged from 30 to 105 days.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Associates	\$ 5,928	8,576
Other related parties	66,761	54,029
	<b><u>\$ 72,689</u></b>	<b><u>62,605</u></b>

The pricing of purchase transactions with related parties was not significantly different from those offered by other vendors. The payment terms ranged from 30 to 60 days.

(iii) Receivables from related parties

The receivables from related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Notes and accounts receivable	Associates	\$ 278,929	310,226
Notes and accounts receivable	Other related parties	417	290
Other receivables	Associates	1,033	1,056
Other receivables	Other related parties	278	549
		<b><u>\$ 280,657</u></b>	<b><u>312,121</u></b>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iv) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts payable	Associates	\$ 981	21
Notes and accounts payable	Other related parties	59,453	60,871
Other payables	Associates	501	602
Other payables	Other related parties	576	768
Other current and non-current liabilities	Associates	202	200
Other current and non-current liabilities	Other related parties	3,471	10,101
		<u>\$ 65,184</u>	<u>72,563</u>

## (v) Others

<u>Account</u>	<u>Relationship</u>	<u>For the years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Overheads and operating expenses	Other related parties	\$ 11,093	14,958
Rent income	Lushun Warehouse Co., Ltd.	11,600	11,600
Rent income	Associates	497	497
Other income	Associates	6,391	152
Other income	Other related parties	1,200	1,200
Interest expenses	Associates	862	2

For the year ended December 31, 2021, the Company repurchased 6,000 thousand treasury shares at a price of \$192,000 from Taichi Investment Corporation, in order to transfer the shares to its employees.

## (c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 136,592	107,869
Post-employment benefits	3,024	2,810
	<u>\$ 139,616</u>	<u>110,679</u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted assets (included in other current financial assets)	Customs deposits and performance bond	\$ 10,317	10,316
Guarantee deposits paid (included in other non-current assets)	Deposits on civil litigation, lease, materials purchase, etc.	<u>116,934</u>	<u>193,713</u>
		<u>\$ 127,251</u>	<u>204,029</u>

**(9) Significant commitments and contingencies:****(a) Unrecognized contractual commitments****(i) Guarantee notes submitted by the Group to its customers for purchases and loans:**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
TWD	\$ 9,207,471	10,715,664
USD	5,261,100	5,131,440
CNY	<u>1,436,708</u>	<u>-</u>
	<u>\$ 15,905,279</u>	<u>15,847,104</u>

**(ii) The Group's outstanding standby letters of credit were as follows:**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
TWD	\$ 415,000	995,000
USD	448,650	137,351
EUR	872,058	45,145
JPY	-	2,454
GBP	<u>20,689</u>	<u>-</u>
	<u>\$ 1,756,397</u>	<u>1,179,950</u>

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**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iii) As of December 31, 2021 and 2020, the Group's guarantee notes received for sales, construction, and transportation amounted to \$7,073,154 and \$5,839,131, respectively.
- (iv) As of December 31, 2021 and 2020, the outstanding amounts of a plant construction contract entered into by the Group amounted to \$8,069,695 and \$10,682,150, respectively.
- (v) Since April 2001, the Company has been leasing Wharves No. 22-23 in Port of Anping from Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. to develop wharves and construct storage tanks for petrochemicals on a BOT basis, with minimum goods loaded by cargo agreed by both parties.

**(10) Losses due to major disasters:None**

**(11) Subsequent events:None**

**(12) Other:**

The employee benefits, depreciation, depletion and amortization expense categorized by function were as follows:

By function	For the years ended December 31,					
	2021			2020		
	Operating Costs	Operation Expenses	Total	Operating Costs	Operation Expenses	Total
Employee benefits						
Salary	3,486,266	2,017,952	5,504,218	3,213,993	1,743,592	4,957,585
Labor and health insurance	159,372	106,885	266,257	141,025	87,690	228,715
Pension	175,885	82,249	258,134	133,736	65,772	199,508
Others	193,922	257,264	451,186	173,745	165,670	339,415
Depreciation	2,903,624	452,857	3,356,481	2,684,282	378,345	3,062,627
Amortization	79,220	184,096	263,316	62,088	174,240	236,328

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## CHIMEI CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures:

##### (a) Information on significant transactions:

The following is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers":

##### (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Jumping Holding Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	Other receivables	Yes	2,605,860	2,605,860	-	2.60%	2	-	Working Capital	-	None	-	14,353,965 (Note 2)	14,353,965 (Note 2)
1	"	Zhangzhou CHIMEI Chemical Co., Ltd.	"	Yes	2,605,860	2,605,860	1,932,680	2.40%	2	-	"	-	"	-	14,353,965 (Note 2)	14,353,965 (Note 2)
1	"	Lin Shine Engineering Plastics (Suzhou) Co., Ltd.	"	Yes	2,605,860	2,605,860	238,871	2.60%	2	-	"	-	"	-	14,353,965 (Note 2)	14,353,965 (Note 2)
2	Nexgen Mediatech Inc.	Mirai Lifestyle Inc.	"	Yes	300,000	300,000	100,000	1.20%	2	-	"	-	"	-	468,765 (Note 2)	468,765 (Note 2)
3	Jentra Investment Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	"	Yes	1,737,240	1,737,240	-	2.60%	2	-	"	-	"	-	10,609,036 (Note 2)	10,609,036 (Note 2)
3	"	Zhangzhou CHIMEI Chemical Co., Ltd.	"	Yes	2,171,550	2,171,550	1,689,152	2.40%	2	-	"	-	"	-	10,609,036 (Note 2)	10,609,036 (Note 2)
4	Zhenjiang CHIMEI Chemical Co., Ltd.	Lin Shine Engineering Plastics (Suzhou) Co., Ltd.	"	Yes	130,293	130,293	-	3.50%	2	-	"	-	"	-	12,048,101 (Note 2)	12,048,101 (Note 2)

Note 1: Purpose of fund financing for the borrower:

(1) Those with business contact, please fill in 1.

(2) Those necessary for short term financing, please fill in 2.

Note 2: The aggregate amount of loans to a single party shall not exceed 40% of the current-period net worth, and the aggregate amount of loans provided by the company's shall not exceed 40% of its net worth as stated in its latest financial statements, respectively.

Note 3: The above-mentioned ending balance and actual usage amount were translated into New Taiwan Dollars using spot rates at the financial report date.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

##### (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of guarantor	Counterparty of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	CHIMEI Corporation	Zhangzhou CHIMEI Chemical Co., Ltd.	2	94,913,174	16,503,780	16,503,780	10,032,547	-	17.39 %	94,913,174	Y		Y
1	Nexgen Mediatech Inc.	Mirai Lifestyle Inc.	2	1,171,912	400,000	400,000	300,000	-	34.13 %	2,343,824	Y		

Note 1: The numbering is as follows:

Parent entity -- 0

Subsidiary -- starting from 1

Note 2: Relationship with the Company is as follows:

(i) The company has business relationship.

(ii) A subsidiary in which the Company holds more than 50% ordinary shares, directly or indirectly.

(iii) An investee in which the parent and subsidiaries hold an aggregate of more than 50% ordinary shares.

(iv) The parent entity that holds more than 50% of the Company's outstanding ordinary shares, either directly or indirectly through its subsidiaries.

Note 3: The upper limit on endorsement and guarantees is as follows:

(i) The accumulated amount of endorsement and guarantees provided by the Company shall not exceed 100% of its net worth. The accumulated amount of endorsement and guarantees provided by Nexgen Mediatech Inc. shall not exceed 100% of its net worth.

(ii) The aggregate amount of endorsement and guarantees provided by the Company for a single entity shall not exceed 100% of its net worth. The aggregate amount of endorsement and guarantees provided by Nexgen Mediatech Inc. for a single entity shall not exceed 200% of its net worth.

(iii) The aggregate amount of endorsement for those companies with business contact shall not exceed the amount of the trading amount between the two parties during the latest year.

(iv) The pre-determined amount delegated to the chairman for execution shall not exceed 100% of the aforementioned endorsement and guarantees provided to other parties.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership during the year (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Shares in Chemcross. Com, Inc	-	Non-current financial assets at fair value through other comprehensive income	100	-	0.60 %	-	0.60 %	
"	Shares in JANTEX TECHNOLOGY CO., LTD.	-	"	3,750	-	3.37 %	-	3.37 %	
"	Shares in ASIA PACIFIC MICROSYSTEMS, INC.	-	"	88	-	0.19 %	-	0.19 %	
"	Shares in TAICHI INVESTMENT CORPORATION	Substantive related party	"	45,324	2,249,927	15.11 %	2,249,927	15.11 %	
"	Shares in TOP TAIWAN VENTURE CAPITAL CO., LTD.	-	"	2,680	17,650	17.39 %	17,650	17.39 %	
"	Apple Inc. bond	-	Current financial assets at fair value through profit or loss	-	527,082	- %	527,082	- %	
"	ABN AMRO Bank Subordinated bond I	-	"	-	149,706	- %	149,706	- %	
"	Gilead Sciences, Inc. bond	-	"	-	122,380	- %	122,380	- %	
"	Microsoft Corporation bond	-	"	-	463,693	- %	463,693	- %	
"	Comcast Corporation USD bond	-	"	-	154,777	- %	154,777	- %	
"	Nvidia Corporation bond I	-	"	-	279,262	- %	279,262	- %	
"	Amazon.com, Inc. bond	-	"	-	402,214	- %	402,214	- %	
"	BMW US Capital LLC bond I	-	"	-	165,520	- %	165,520	- %	
"	UnitedHealth Group USD bond	-	"	-	279,638	- %	279,638	- %	
"	Toyota Motor USD bond	-	"	-	98,601	- %	98,601	- %	
"	AT&T USD bond	-	"	-	169,889	- %	169,889	- %	
"	AT&T USD bond	-	"	-	81,072	- %	81,072	- %	
"	Bristol-Myers Squibb USD bond	-	"	-	77,755	- %	77,755	- %	
"	The Goldman Sachs Group USD bond	-	"	-	188,401	- %	188,401	- %	
"	HSBC Holdings USD bond	-	"	-	51,164	- %	51,164	- %	
"	The Walt Disney Company USD bond	-	"	-	127,941	- %	127,941	- %	
"	Johnson & Johnson USD bond	-	"	-	254,877	- %	254,877	- %	
"	Verizon Communications USD bond	-	"	-	49,369	- %	49,369	- %	
"	Abbott Laboratories USD bond	-	"	-	49,778	- %	49,778	- %	
"	3M Company USD bond	-	"	-	125,211	- %	125,211	- %	
"	Nike, Inc. USD bond	-	"	-	217,352	- %	217,352	- %	
"	Merck & Company USD bond	-	"	-	136,618	- %	136,618	- %	
"	P&G USD bond	-	"	-	136,234	- %	136,234	- %	
"	Walmart Inc. USD bond	-	"	-	217,409	- %	217,409	- %	
"	Visa Inc. USD bond	-	"	-	78,428	- %	78,428	- %	
"	Qualcomm Technologies USD bond	-	"	-	137,132	- %	137,132	- %	
"	Pfizer USD bond	-	"	-	141,487	- %	141,487	- %	
"	Nestle S.A. USD bond	-	"	-	138,796	- %	138,796	- %	
"	American Express bond	-	"	-	80,654	- %	80,654	- %	
"	MUFG Bank bond	-	"	-	80,467	- %	80,467	- %	
"	Wells Fargo bond	-	"	-	78,508	- %	78,508	- %	
"	JPMorgan Chase bond	-	"	-	109,062	- %	109,062	- %	
"	Orsted A/S Green bond	-	"	-	370,604	- %	370,604	- %	
"	TSMC Bond	-	"	-	3,001,078	- %	3,001,078	- %	
"	Chunghwa Telecom bond	-	"	-	999,998	- %	999,998	- %	
"	Far Eastern New Century Corporation TWD bond	-	"	-	499,998	- %	499,998	- %	
"	Walsin Lihwa Corporation TWD bond	-	"	-	499,998	- %	499,998	- %	
"	Taiwan Power TWD bond	-	"	-	1,999,998	- %	1,999,998	- %	
"	Chailease Finance TWD bond	-	"	-	498,736	- %	498,736	- %	
"	PineBridge Global ESG Quantitative Bond Fund A TWD	-	"	-	197,482	- %	197,482	- %	

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership during the year (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
CHILIN Technology Co., Ltd.	Shares in PARAGON SEMICONDUCTOR LIGHTING TECHNOLOGY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	2,000	3,819	6.06 %	3,819	6.06 %	
"	Chi Mei Frozen Food shares	Substantive related party	"	6,185	67,183	11.20 %	67,183	11.20 %	
"	The MediaTile Co., Inc. preference shares	-	"	1,199	-	2.18 %	-	2.18 %	
"	Shares in INOMA Corporation	-	"	552	1,012	5.63 %	1,012	5.63 %	
Zhenjiang CHIMEI Chemical Co., Ltd.	CNY structured deposit with China Construction Bank	-	Current financial assets at fair value through profit or loss	-	869,440	- %	869,440	- %	
"	CNY structured deposit with CTBC Bank	-	"	-	3,474,552	- %	3,479,552	- %	
Zhangzhou CHIMEI Chemical Co., Ltd.	CNY structured deposit with Bank of Jiangsu Co., Ltd.	-	"	-	1,526,736	- %	1,526,736	- %	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counterparty	Relationship with the company	Beginning Balance		Purchases		Sales			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	TSMC bond	Current financial assets at fair value through profit or loss	-	-	-	-	-	3,000,000	-	-	-	-	-	3,001,078
"	Chunghwa Telecom Co., Ltd. bond	"	-	-	-	-	-	1,000,000	-	-	-	-	-	999,998
"	Microsoft Corporation bond	"	-	-	-	218,824	-	281,912	-	-	-	-	-	463,693
"	Far Eastern New Century Corporation TWD bond	"	-	-	-	-	-	500,000	-	-	-	-	-	499,998
"	Chailease Finance TWD bond	"	-	-	-	-	-	500,000	-	-	-	-	-	498,736
"	Walsin Lihwa Corporation TWD bond	"	-	-	-	-	-	500,000	-	-	-	-	-	499,998
"	Taiwan Power TWD bond	"	-	-	-	-	-	2,000,000	-	-	-	-	-	1,999,998
"	Shares in Innolux Corporation	Current financial assets at fair value through other comprehensive income	-	-	270,930	3,820,107	-	-	270,930	4,765,202	4,765,202	-	-	-
"	Shares in Hanwha General Chemical Co., Ltd	Non-current financial assets at fair value through other comprehensive income	-	-	296	40,314	-	-	296	670,343	670,343	-	-	-
Zhangzhou CHIMEI Chemical Co., Ltd.	CNY structured deposit with Bank of Jiangsu CO., LTD.	Current financial assets at fair value through profit or loss	-	-	-	-	-	1,520,085	-	-	-	-	-	1,526,736
Zhenjiang CHIMEI Chemical Co., Ltd.	CNY structured deposit with CTBC Bank	"	-	-	-	874,954	-	7,166,115	-	4,560,255	4,560,255	-	-	3,479,552

(Continued)

## CHIMEI CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of company	Category and name of security	Account name	Name of counterparty	Relationship with the company	Beginning Balance		Purchases		Sales			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Zhenjiang CHIMEI Chemical Co., Ltd.	CNY structured deposit with Bank of Jiangsu CO.,LTD.	Current financial assets at fair value through profit or loss	-	-	-	437,685	-	-	-	434,310	431,410	-	-	-
"	CNY structured deposit with China Construction Bank	"	-	-	-	2,186,724	-	20,412,570	-	21,715,500	21,715,500	-	-	869,440
"	CNY structured deposit with Bank of Communications Co., Ltd.	"	-	-	-	3,937,151	-	3,908,790	-	7,817,580	7,817,580	-	-	-
"	CNY structured deposit with E.SUN BANK	"	-	-	-	437,299	-	-	-	434,310	434,310	-	-	-
"	CNY structured deposit with Industrial And Commercial Bank Of China Limited	"	-	-	-	-	-	434,310	-	434,310	434,310	-	-	-

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship with the Company	If the counterparty is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Zhangzhou CHIMEI Chemical Co., Ltd.	Land right-of-use for PC and PS projects	2021.08.16	433,266	Paid in full	Branch Office of Development Zone in Gulei Port, Zhangzhou City, Fujian Province	None	-	-	-	-	Public tender	Plant construction	

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	CHILIN Technology Co., Ltd.	Subsidiary	Sale	(579,000)	(0.60)%	O/A 30 days	-	-	142,332	2.06 %	
"	"	"	Purchase	505,085	0.76 %	30 days after delivery	-	-	(48,769)	(1.07)%	
"	Zhenjiang CHIMEI Chemical Co., Ltd.	Sub-sub-subsidiary	Sale	(6,126,778)	(6.34)%	O/A 90 days	-	-	2,369,386	34.24 %	
"	Lin Shine Engineering Plastics(Suzhou)Co.,Ltd.	Sub-sub-subsidiary	Sale	(970,520)	(1.00)%	O/A 90 days	-	-	225,570	3.26 %	
"	CHI MEI TRADING CO., LTD.	Substantive related party	Sale	(118,686)	(0.12)%	Advance receipt	-	-	-	- %	
CHILIN Technology Co., Ltd.	CHIMEI Corporation	Parent	Sale	(505,109)	(22.16)%	Due on the 1st of the next month after transaction	-	-	48,769	13.86 %	
"	"	"	Purchase	581,629	38.92 %	O/A 30 days	-	-	(142,332)	(58.32)%	

(Continued)

## CHIMEI CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Zhenjiang CHIMEI Chemical Co., Ltd.	Lin Shine Engineering Plastics (Suzhou) Co., Ltd.	Substantive related party	Sale	(268,513)	(0.34)%	O/A 30 days	-	-	104,367	1.58 %	
"	CHIMEI Corporation	Parent	Purchase	6,004,592	2.43 %	45 days after Bill of Lading (B/L) Date	-	-	(2,367,952)	(63.40)%	
"	Suzhou Newhuamei Plastics Co., Ltd.	Substantive related party	Sale	(209,358)	(0.26)%	Due on the 1st or the 16th, whichever date follows transaction.	-	-	17,381	0.26 %	
"	Qingdao Zhongxinhuamei Plastic Co., Ltd.	"	Sale	(650,162)	(0.82)%	Due on the 1st or the 16th, whichever date follows transaction.	-	-	197,173	2.99 %	
"	Zhangzhou CHIMEI Chemical Co., Ltd.	"	Sale	(674,353)	(0.85)%	Due on the 1st of the 3rd month after transaction	-	-	297,370	4.51 %	
"	Dongguan Sinochem Huamei Plastic Co., Ltd.	"	Sale	(122,758)	(0.15)%	O/A 20 days	-	-	22,174	0.34 %	
"	Danyang New Huamei Plastic Co., Ltd.	"	Sale	(157,579)	(0.20)%	Due on the 1st or the 16th, whichever date follows transaction.	-	-	35,797	0.54 %	
"	Lin Shine Engineering Plastics (Suzhou)Co.,Ltd.	"	Purchase	175,767	0.07 %	Due on the 1st of the next month after transaction	-	-	(34,954)	(0.94)%	
Lin Shine Engineering Plastics(Suzhou)Co.,Ltd.	CHIMEI Corporation	Parent	Purchase	964,321	56.91 %	O/A 90 days	-	-	(225,371)	(48.10)%	
"	Zhenjiang CHIMEI Chemical Co., Ltd.	Substantive related party	Purchase	267,933	15.81 %	O/A 30 days	-	-	(103,759)	(22.15)%	
"	"	"	Sale	(176,763)	(8.58)%	O/A 30 days	-	-	37,033	7.58 %	
Zhangzhou CHIMEI Chemical Co., Ltd.	"	"	Purchase	674,353	18.08 %	O/A 90 days	-	-	(297,370)	(27.74)%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
The Company	Zhenjiang CHIMEI Chemical Co., Ltd.	Sub-sub-subsidiary	2,369,386	3.65	-	-	1,337,695	-
"	Lin Shine Engineering Plastics(Suzhou)Co.,Ltd.	Sub-subsidiary	225,570	3.37	-	-	187,515	-
"	CHILIN Technology Co., Ltd.	Subsidiary	142,332	6.32	-	-	93,613	-
Zhenjiang CHIMEI Chemical Co., Ltd.	Qingdao Zhongxinhuamei Plastic Co., Ltd.	Substantive related party	197,173	3.23	-	-	155,618	-
"	Zhangzhou CHIMEI Chemical Co., Ltd.	Substantive related party	297,370	4.54	-	-	297,370	-
"	Lin Shine Engineering Plastics (Suzhou) Co.,Ltd.	Substantive related party	104,367	4.11	-	-	97,525	-
Jumping Holding Co., Ltd. (Note 1)	Zhangzhou CHIMEI Chemical Co., Ltd.	Subsidiary	1,940,086	-	-	-	-	-
"	Lin Shine Engineering Plastics (Suzhou) Co.,Ltd.	Substantive related party	242,845	-	-	-	-	-
Jentra Investment Co., Ltd. (Note 1)	Zhangzhou CHIMEI Chemical Co., Ltd.	Substantive related party	1,698,605	-	-	-	-	-
Nexgen Mediatech Inc. (Note 1)	Mirai Lifestyle Inc.	Subsidiary	100,102	-	-	-	-	-

Note 1: Loans to other parties, hence no turnover rate.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to notes 6(b) and (x)

(Continued)

## CHIMEI CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counterparty	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	CHIMEI Corporation	Zhenjiang CHIMEI Chemical Co., Ltd.	1	Sales revenue	6,126,778	Note 3	3.43%
"	"	Lin Shine Engineering Plastics (Suzhou) Co., Ltd.	1	Sales revenue	970,520	"	0.54%
"	"	CHILIN Technology Co., Ltd.	1	Sales revenue	579,000	"	0.32%
"	"	"	1	Cost of sales	505,085	"	0.28%
"	"	Zhenjiang CHIMEI Chemical Co., Ltd.	1	Accounts receivable	2,369,386	"	1.53%
1	CHILIN Technology Co., Ltd.	CHIMEI Corporation	2	Sales revenue	505,109	"	0.28%
"	"	"	2	Cost of sales	581,629	"	0.33%
2	Zhenjiang CHIMEI Chemical Co., Ltd.	CHIMEI Corporation	2	Cost of sales	6,004,592	"	3.36%
"	"	Zhangzhou CHIMEI Chemical Co., Ltd.	2	Sales revenue	674,353	"	0.38%
3	Lin Shine Engineering Plastics (Suzhou) Co., Ltd.	CHIMEI Corporation	2	Cost of sales	964,321	"	0.54%
4	Zhangzhou CHIMEI Chemical Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	3	Cost of sales	674,353	"	0.38%
5	Jumping Holding Co., Ltd.	Zhangzhou CHIMEI Chemical Co., Ltd.	1	Accounts receivable	1,940,086	"	1.26%
6	Jentra Investment Co., Ltd.	Zhangzhou CHIMEI Chemical Co., Ltd.	3	Accounts receivable	1,698,605	"	1.10%

Note 1: The numbering is as follows:  
Parent entity – 0  
Subsidiary – starting from 1

Note 2: The numbering of the relationship between transaction parties is as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Same as arm's length transactions.

Note 4: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated asset; if categorized as income or loss, the calculation is compared with the consolidated revenue.

Note 5: Transaction amounts not exceeding 300 million are not disclosed.

Note 6: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)/Shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Lushun Warehouse Co., Ltd.	Taiwan	Investment, construction, lease, and warehousing of liquid chemical storage tank and related facilities	61,297	61,297	5,400	30.00 %	216,933	30.00 %	81,845	24,553	
"	CHILIN Technology Co., Ltd.	"	Manufacture, processing, trading, importing, and exporting of plastic products	2,193,448	2,215,501	69,609	87.01 %	1,956,710	88.01 %	386,499	339,020	
"	Nexgen Mediatech Inc.	"	Manufacture and sale of electronic appliances and machinery	991,138	991,138	102,687	97.80 %	1,146,251	97.80 %	25,813	25,387	
"	CHIMEI Green Energy Corp.	"	Manufacturing power generators using renewable energies	1,000,000	1,000,000	100,000	100.00 %	1,001,988	100.00 %	6,774	6,767	
"	CHIMEI Industrial(H.K) Ltd.	Hong Kong	General investment	105,247	105,247	80	100.00 %	305,438	100.00 %	47,364	47,364	
"	Jumping Holding Co., Ltd.	Samoa	General investment	6,170,065	6,170,065	211,560	100.00 %	35,686,818	100.00 %	8,781,898	8,781,898	
CHILIN Technology Co., Ltd.	Lin Shine Optronics (HK) Company Ltd.	Hong Kong	"	-	1,225,227	-	- %	-	100.00 %	-	-	
"	CHI LIN OPTOELECTRONICS CO., LTD.	Taiwan	Manufacture of electronic components	1,953,102	2,130,011	7,582	33.22 %	-	33.22 %	(102,509)	-	318,880 (accumulated impairment losses)
Nexgen Mediatech Inc.	CMS Technology Inc.	"	Sale and repair of electrical appliances	50,091	50,091	5,000	100.00 %	55,284	100.00 %	1,123	1,125	
"	Mirai Lifestyle Inc.	"	Distribution and sale of home appliances	201,240	201,240	20,000	100.00 %	228,684	100.00 %	26,971	26,978	
Jumping Holding Co., Ltd.	Jentra Investment Co., Ltd.	USA	General investment	3,774,442	3,774,442	119	100.00 %	26,522,590	100.00 %	8,525,935	8,525,935	

Note 1: Carrying value refers to the balance of investment accounted for using the equity method, including share of profit/loss of investee and cumulative translation adjustments etc..

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
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## (c) Information on investment in Mainland China:

## (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Qingdao Zhongxinhuamei Plastic Co., Ltd.	The coloring, pelletizing, and improvement of plastic and the manufacture of plastic products.	45,689	(1)	-	-	-	-	46,419	28.66%	28.66%	13,304	69,663	-
Dongguan Sinochem Huamei Plastic Co., Ltd.	The coloring, pelletizing, and improvement of plastic and the manufacture of plastic products.	73,102	(1)	-	-	-	-	12,276	29.17%	29.17%	3,581	33,229	-
Danyang New Huamei Plastic Co., Ltd.	The coloring, pelletizing, and improvement of plastic and the manufacture of plastic products.	44,304	(1)	-	-	-	-	13,494	24.50%	24.50%	3,306	44,922	-
Suzhou Newhuamei Plastics Co., Ltd.	The coloring, pelletizing, and improvement of plastic and the manufacture of plastic products.	138,450	(1)	-	-	-	-	110,154	26.46%	26.46%	29,147	139,807	-
Zhenjiang CHIMEI Chemical Co., Ltd.	Manufacture, sale, and processing of plastic products	10,545,737	(1)	4,086,017	-	-	4,086,017	13,098,121	69.60%	69.60%	9,116,292	20,963,697	161,931
Lin Shine Engineering Plastics (Suzhou) Co., Ltd.	Manufacture and sale of engineering plastics	830,700	(2)	941,460	-	-	941,460	75,361	100.00%	100.00%	75,361	749,629	-
Zhangzhou CHIMEI Chemical Co., Ltd.	Manufacture of plastic materials in primary forms and synthetic resin	10,023,875	(1)	-	-	-	-	303,862	69.60%	69.60%	211,488	7,129,828	-

## (ii) Limitation on investment in Mainland China:

	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	4,086,017	16,490,193	56,947,904
CHILIN Technology Co., Ltd.	941,460	941,460	1,396,628

Note 1: (1) Indirect investment in Mainland China through a subsidiary in a third place.

(2) Direct investment in Mainland China.

Note 2: Based on financial statements prepared by the investee.

Note 3: The amounts denominated in foreign currency were translated into NTD using the exchange rate on the reporting date. ( U.S. dollar spot exchange rate and average exchange rate were respectively 27.690 and 28.0272 on December 31, 2021)

Note 4: For the Company, the upper limit is 60% of the consolidated net worth; for CHILIN Technology Co., Ltd., the upper limit is 60% of its net worth.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

## (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

**CHIMEI CORPORATION AND SUBSIDIARIES**  
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**(14) Segment information:**

(a) General information

The Group has two reportable segments: the electronics-related segment and the plastics and chemicals segment. The electronics-related segment manufactures and sells components related to electronics. The plastics and chemicals segment manufactures and sells products related to plastics and chemicals.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

(b) Information about reportable segments and their measurement and reconciliations:

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

**CHIMEI CORPORATION AND SUBSIDIARIES**  
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The Group's operating segment information and reconciliation are as follows:

<u>December 31, 2021</u>	<b>Plastics and chemicals segment</b>	<b>Other segments</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
Revenue from external customers	\$ 175,516,080	3,155,611	-	178,671,691
Intersegment revenues	9,636,812	22,504	(9,659,316)	-
Interest revenue	685,924	851	(65,468)	621,307
<b>Total revenue</b>	<b><u>\$ 185,838,816</u></b>	<b><u>3,178,966</u></b>	<b><u>(9,724,784)</u></b>	<b><u>179,292,998</u></b>
Interest expenses	\$ 240,047	5,683	(66,635)	179,095
Depreciation and amortization	3,555,149	94,679	(30,031)	3,619,797
Share of profit (loss) of associates and joint venture accounted for using equity method	27,154,066	49,337	(27,129,512)	73,891
<b>Other material non-cash items</b>				
Impairment of assets	837,134	-	-	837,134
<b>Reportable segment profit (loss)</b>	<b><u>\$ 63,428,783</u></b>	<b><u>82,815</u></b>	<b><u>(27,129,377)</u></b>	<b><u>36,382,221</u></b>
<b>Assets:</b>				
Investments accounted for using equity method	\$ 95,679,881	287,621	(95,462,948)	504,554
<b>Reportable segment assets</b>	<b><u>\$ 256,836,691</u></b>	<b><u>4,249,105</u></b>	<b><u>(107,223,900)</u></b>	<b><u>153,861,896</u></b>
<b>Reportable segment liabilities</b>	<b><u>\$ 56,074,413</u></b>	<b><u>1,769,301</u></b>	<b><u>(11,493,879)</u></b>	<b><u>46,349,835</u></b>
<b>December 31, 2020</b>				
<b>Revenue:</b>				
Revenue from external customers	\$ 115,250,050	1,976,352	-	117,226,402
Intersegment revenues	4,261,134	14,764	(4,275,898)	-
Interest revenue	440,100	3,374	(26,782)	416,692
<b>Total revenue</b>	<b><u>\$ 119,951,284</u></b>	<b><u>1,994,490</u></b>	<b><u>(4,302,680)</u></b>	<b><u>117,643,094</u></b>
Interest expenses	\$ 154,188	831	(26,907)	128,112
Depreciation and amortization	3,257,753	66,141	(24,939)	3,298,955
Share of profit (loss) of associates and joint venture accounted for using equity method	20,966,241	46,565	(20,944,471)	68,335
<b>Other material non-cash items</b>				
Impairment of assets	256,049	-	-	256,049
<b>Reportable segment profit (loss)</b>	<b><u>\$ 44,022,898</u></b>	<b><u>95,654</u></b>	<b><u>(20,944,970)</u></b>	<b><u>23,173,582</u></b>
<b>Assets:</b>				
Investments accounted for using equity method	\$ 73,524,657	257,099	(73,165,707)	616,049
<b>Reportable segment assets</b>	<b><u>\$ 204,684,503</u></b>	<b><u>3,650,444</u></b>	<b><u>(83,209,213)</u></b>	<b><u>125,125,734</u></b>
<b>Reportable segment liabilities</b>	<b><u>\$ 44,938,086</u></b>	<b><u>1,248,947</u></b>	<b><u>(9,913,882)</u></b>	<b><u>36,273,151</u></b>

**CHIMEI CORPORATION AND SUBSIDIARIES**  
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The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue was \$9,659,316 in 2021 and \$4,275,898 in 2020.

(c) Products and services information

Please refer to note 6(t) for the Group's operating segments classified by products.

(d) Geographic Information

Please refer to note 6(t) for the Group's geographic information. In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<u>Geographic information</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Non-current assets:		
Taiwan	\$ 26,589,280	25,774,951
Other countries	<u>26,857,119</u>	<u>21,458,788</u>
Total	<u>\$ 53,446,399</u>	<u>47,233,739</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but exclude financial instruments, non-current deferred tax assets and other financial assets.

(e) Major customers

Customers representing more than 10% of the revenues disclosed in the consolidated statement of income for the years ended December 31, 2021 and 2020: None.